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The Management of Public Utility Undertakings

By THE RT. HON. NEVILLE CHAMBERLAIN, M.P.

[*Closing Address Morning Session, Winter Conference, Birmingham,
2nd March, 1929*]

I SUPPOSE the first duty of a President is to preside, at any rate if he is asked to do so, and that is the reason I am here this morning. But the corresponding privilege which is given to me is to have the last word, and that is the privilege which I now propose to use.

May I say, first of all, what great pleasure it has given me to be here sitting in this familiar chair, and looking round upon these surroundings which I know so well, and listening to a discussion upon points which naturally have been in my mind more or less for a great many years. I believe this Birmingham and West Midlands Regional Group is the largest group of the Institute of Public Administration, and I am very glad that it should be so, because this Institute is unique in the fact that it comprises members both of the national and the local services. I feel rather happy to be honoured by being appointed President of the Group, because it so happens that I have had an opportunity of seeing something of the inside working both of the local and of the national service. To-day, for instance, the two papers that we have been discussing have been written, one by a distinguished civil servant, one of the most important officers of a department over which I myself have presided, though I am afraid not long enough to leave any perceptible mark behind me, and the other has been prepared by the principal officer of one of the great departments of the Birmingham Corporation, with all of which I was at one time extremely familiar when I was holding the office of Lord Mayor. And so, as I said, I have had special opportunities of seeing both these great services at work, and what I have heard this morning confirms me in the view that although there are great differences between the two services, and although I do not think they will ever be amalgamated together in my time, yet nevertheless there is much that each can learn from the other and much that each can teach to the other.

In the very interesting contribution that was made by Mr. Bevin to the discussions this morning he indicated how you might divide the

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various functions of different parts of the machine which carries on either a public service or private industry. There is that part which deals with policy, there is the part which deals with management, and there is what he called the operative part ; and he indicated that in America they had differentiated between management and policy to a somewhat greater extent than we have over here. To my mind, it is one of the defects of our local service, if not of our national, that there is too much overlapping between policy and management. I do not believe for a moment that those who are concerned with management endeavour to grasp policy into their hands ; but sometimes they are forced by the weakness or the neglect of those who should be responsible for policy—they are forced, I say, to undertake to initiate policy. The great British public, which was described by Mr. Potter¹ as an unlearned critic, is very frightened of bureaucracy. It runs off directly anybody suggests that there is any danger of its being ruled by bureaucracy, and it protests continually that it is so ruled ; yet if it is, it is its own fault, because if those who are elected to take charge of the government of the country, whether national or local, do their duty completely, then there will be a proper differentiation between policy and management, and each, I believe, will function more efficiently and without the friction and the overlapping which sometimes occurs. I must say that I think some of the discussion this morning has perhaps trenchéd a little bit on questions of policy rather than of management. The question, for instance, as to whether water supplies should be treated as a charge upon the community or the individual appears to me to be a matter of policy, and no doubt it must be decided by the council or by Parliament as the case may be. That need not prevent any one who is concerned with management from having his own opinion upon what the policy should be, and I certainly think that a discussion upon the subject which serves to clarify our minds and perhaps to bring to our notice points on one side or the other which otherwise might have escaped us is one which is of great value. But I have always thought that one of the most useful aphorisms to keep before one is that which says that it is little use to keep a dog and bark yourself ; and, indeed, if in a department like that, for instance, over which I have now the honour to preside, I were to attempt myself to carry out the actual management of the concern, it is quite obvious that the machine could not possibly turn round. The only way for government, whether national or local, which is daily becoming more complex and more specialized—the only way for it to be carried on efficiently is for those who are responsible for policy to confine themselves to policy and to give the freest possible hand to those who are responsible for management.

There were several interesting points which I noted as arising out of the discussion, and I should just like to say a word or two about some of

¹ Mr. Harold Potter, LL.B., Reader in Law, University of Birmingham.

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them. But first of all I want to touch upon a point which was implicit in the papers but which has not received very much attention this morning. It is quite true, no doubt, as has been pointed out, that when you are considering a public utility undertaking you cannot measure the efficiency of that undertaking entirely by its cost. It may very well happen that deliberately and as a matter of policy other considerations will enter into the service than those of cost. For instance, if you wished to bring the cost down to the lowest possible point, you would confine the service to certain particular areas or sections of the population to whom it could be supplied most cheaply. But if your aim is to give an equal service to all, then obviously cost is no longer the only consideration, and other factors have entered into the matter. But the point I wish to stress is this, that whatever be the policy, whatever factors may come into the considerations which govern that policy, at least the management ought to know what they are doing, to carry out their work with their eyes open, and to be fully aware of the implications of the policy which they are pursuing. I remember very well when I first went into a certain business a great many years ago as an inexperienced youth, I was struck with the fact that there appeared to be no regular machinery functioning for the ascertainment of costs, and with some diffidence I approached the management and asked whether it might not be a good thing to institute such a system. I recollect the answer very well. It was rather crushing. I was told that there were three reasons why my suggestion was not a good one: first of all, that in the particular business with which I was concerned it was impossible to ascertain costs; secondly, that even if it were possible it would be useless, because prices were not fixed by reference to costs, but entirely by other considerations; and thirdly, that as a matter of fact they did have costs already and always used them whenever they thought fit! Well, that was discouraging; but as a matter of fact, I managed in process of time to have a system of costs instituted, and that produced some results which very much astonished the management. I mention that story because I know that some people, even in the public service, are inclined to say not so much that costs are no use to us, but that no comparative use can be made of costs, because no two public utility undertakings are working under the same conditions. They say, for instance, how can you compare the costs of a water supply which is derived from a great river flowing through the area, with costs of a water supply which has to be brought perhaps eighty miles from a distant source? Well, it may be true that if you are going to take the ultimate cost per thousand gallons of water supplied, the two things are not comparable; but surely it is possible to split up the costs into different items, some of which will be comparable with similar items in other undertakings. I have found in another department, namely, that of public cleansing, where costs have been thus analysed and split up into

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a number of different groups and where the results have been collected at the Ministry of Health, that those costs have been of great value, because when they have been brought to the notice of local authorities they have discovered wastages and mistakes in administration which have enabled them to make valuable economies. Therefore, I take this opportunity of urging that not only are costs valuable in themselves, but they are still more valuable if they are used for purposes of comparison ; and I should be glad if all public utility undertakings were willing not only to make use of the results of others, but to furnish the results which they themselves have arrived at. I do not say that the Ministry of Health is necessarily the best body to collect such statistics. There may be, and sometimes there are, voluntary bodies which are in a position to do it. I do not care where the statistics are collected so long as they are available to everybody. But I am sure that this is a matter which will in future be more and more attended to because it will be seen that it does add materially to the efficiency as well as the economy of the public service.

The second point on which I should like to say something is what Sir Henry Bunbury described in his paper as consumers' goodwill. Well, I must say I think that in this matter the local service has something to teach the national.

The objection of the public to bureaucracy is really very much of an abstract objection. When it gets bitten by it, it pursues the bureaucracy with the same sort of enthusiasm that in the Middle Ages people used to display when they were indulging in the sport of witch hunting. But, as I say, it is really an abstract objection, because when they come across an official in the concrete they like him and they are even frequently, as I have found, willing to admit that he has been able to help them and has shown readiness to do so ; which is an entirely different character from that aspect of him which is sometimes presented in the public press. It is a great pity that we get some of our most permanent impressions from the efforts of our inspired caricaturists. The public thinks that the officials in the national service, at any rate, are all about a hundred years old, or if not, that they are people who go about rather over-dressed, with a pompous air, a top hat and a large stomach. But in the case of the local official, as Sir Henry pointed out, there is familiarity with his personality, and whatever inconvenience that may subject him to locally it must, I think, be admitted that this does tend to remove prejudice or prevent it from arising, and enables him to keep in touch with the public, which is really a great asset to our public utility undertakings. One has only to compare the methods, say, of the Municipal Bank in Birmingham with those of the Savings Bank of the Post Office to see an entirely different scheme of keeping in touch with the public. I hope Sir Henry will not think I am in any way criticising the Post

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Office. I am merely stating a fact that there is a very large difference in practice, and I might add this further fact, that there is certainly no comparison between the rate of progress of the National Post Office Savings Bank and that which is enjoyed by our local Birmingham Municipal Savings Bank. I do not think that the methods of advertisement, sweet as they are, are altogether congenial to a Government Department. They do not come natural to it. I doubt if the officials ever would make a success of them if they tried ; but I must say that I think if they could indulge, as now I think they are beginning to indulge, rather more in efforts to make known to the public what are the problems with which they have to deal, what are the objects of the particular methods which they are employing to deal with them, and what are the directions in which further successes may be looked for, that they would get a rather greater interest on the part of the public, and perhaps a feeling among them that there was something a little bit more human in those departments than they are disposed at present to allow.

When we come to consider the staff, there are again two considerations, two different sections of the staff, on which I think there is something to be said. If one considers those who are at the very top of the tree, whether in national or local service, it must be admitted that they are in a position in which they can make a very large difference, one way or the other, to the public service. They may help to save or to lose thousands, perhaps tens of thousands or even hundreds of thousands of pounds, and it is most important in the public interest that those who rise to the top should be men not merely of education and experience but men of character. There is a serious danger—and this has always seemed to me one of the weaknesses of our democratic local government system—there is a serious danger of keeping out of the service, or failing to retain in the service, men of this desirable calibre by the fact that you so often get much more discussion and wrangling about a proposal to increase a salary by £20 a year than you have over a scheme which perhaps involves an expenditure of a capital sum of hundreds of thousands of pounds sterling. It is not merely that the officer is afraid that he is not going to get a rise of £20 a year, although we are all human and we all like to have the best remuneration that we can get. But the thing that he finds most difficult to stomach is the wounding of his pride by these public discussions as to whether he is worth so much more a week, as it is very often translated. Well, I am glad to think that in Birmingham we have recognized that danger, and that the discussion of these matters is to a large extent now carried on without the publicity which formerly attached to it. But that is a matter which, I think, ought to be kept in mind, because there is a real danger, if we do not make our service attractive not merely from a monetary point of view but also in the matter of the dignity and prestige that attaches to it—there is a real danger that we may lose just the

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people that we ought to have. When you come to the other grades of the staff, one finds it a little difficult to speak in general terms because we have, again, a great many varieties of operatives. For instance, you take some of the great departments in a Corporation like this. You have workers in the Gas Department or the Electric Supply Department who are parallel to, and on very similar terms with, other men working in private industry, and whose rates of remuneration and whose general conditions of labour are regulated largely by those of others in similar walks of life. And yet these men, whilst belonging to a trade union, are also members of the municipal service, and are working in the same service as other people whose occupations do not allow of the same parallelism. Sir Henry Bunbury remarked just now that there are differences between the conditions of private industry and those of public utility undertakings which cannot be overlooked. But at the same time there are things which are common to both, and I think one may fairly say this, that in both cases those who are responsible for the operative or the manual part of the work are looking to-day not merely to a betterment of their material conditions but to some change in their influence and in the relative position which they hold towards the conduct of the industry of which they are an essential part. That applies just as much to a public utility undertaking as it does to private enterprise, and, if we are to enlist in the future, in the changed conditions under which we are working to-day, as compared with before the War, the whole-hearted services of the staffs, if we are to make the most of them, if we are to get the best from all those who are engaged in this work, then I hope that we shall not forget that very human desire not to be utilized merely as a machine to turn out so much of a product in the twenty-four hours, but to be treated as an intelligent, educated being who is capable of having his interest aroused in the actual efficiency of the work in which he is occupied. He will undoubtedly carry on that work with more intelligence, more anxiety, more single-minded desire for the efficiency of that work if he is taken into the confidence of those who are responsible for the actual policy, or even of the management.

Now Mr. Scott¹ has described to us in his humorous way the difficulty which you have when you come to work with people who, just as you have got on good terms with them, may be changed and somebody else substituted for them. No doubt that is a difficulty. Even the heads of departments sometimes do not remain there for ever. Mr. Scott is an example. But I am sure he would not say that because these changes, regrettable changes, do take place, that this is any reason why you should not seek in every possible way to bring all classes of men who are engaged in those undertakings into personal contact with one another. Suspicion, unfounded suspicion, is at the root of half our industrial troubles to-day,

¹ Mr. John Scott, O.B.E., formerly Postmaster-Surveyor, Birmingham.

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and the best way to remove that suspicion is to bring people into actual contact with one another round a table where they can find out the sincerity of one another's intentions. The keynote running through the discussion to-day is that of service. I think it would be absurd to suggest that in a public utility undertaking you could expect of those engaged to be putting their utmost efforts into the work with the sole idea that they were serving their fellow men and fellow women. Human nature is not great and good enough quite to carry on its daily routine on such a high spiritual level as that. But it is, notwithstanding, true that in every great undertaking, if it is well conducted and above all if it is successful, there does arise an *esprit de corps*, a sense of partnership, a sense of pride in the results achieved, which practically has the same effect. I feel that there is much wisdom in the observation which I think was made by Mr. Robinson,¹ who suggested that we might do more propaganda, not merely among the public, but among our own people. After all, that is what I was saying just now—the taking of the staff, and by the staff, I mean all the workers, into your confidence and letting them see what is being done. Of course, that is a side of private industry which is receiving now a great deal of attention in progressive undertakings. You will find very often that a large concern will even publish a paper of its own, devoted to the interests of the concern, telling what its successes have been, not merely in sport, but also in the actual business itself. Something of the same kind perhaps might help us in our public utility undertakings, and I myself attach also very great importance to the encouragement of recreation among the staffs of these public bodies, with a view to increasing that *esprit de corps*. I noted what Mr. Bevin said about a feudal system of conducting these welfare undertakings. I am sure none of us want to have anything of that kind. At the same time, I believe he would recognize that it is very difficult to get men to organize themselves without giving them some lead and some assistance from above, and if that is done tactfully I do not think there ought to be any suggestion of patronage or feudalism. But sport and recreation do bring together, in a matter on which there need be no friction whatsoever, all classes, and I have seen from my own personal observation how very useful that is in helping to build up a sense that all belong to a great concern and that all are interested in its reputation.

Last of all, let me say this. An Institute of this kind will be valuable just in proportion as you choose to make use of it. I am quite certain that you will feel that you have spent a useful morning, that the discussion which we have had has called your attention to problems of great interest to every one of you. I am sure you will feel also that one of the great values of our system of local administration is that you can carry out experiments in one place or another which can be tested without risking

¹ Mr. A. T. V. Robinson, C.B.E. of the War Office.

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a mistake which would affect the whole body. It is one of the ways in which I think, perhaps, we differ from a country like Germany, where there is a greater tendency to throw everything into the same mould. Here, in an Institute of this kind, the results of experiments can be brought forward and described, and to my mind, if only once in a few years, through an organization of this kind, a successful experiment were brought to the notice of others which otherwise they might have missed, that would be sufficient justification for the existence of the Institute. Therefore, while I congratulate you upon the fact that we are the largest group in the country, I wish at the same time to express the hope that you will make full use of this body, that it will receive the attention and the influence not merely of the rank and file but of the heads of departments who can do so much to help it, and that it will have in future a career even more successful than that which it has hitherto enjoyed.

The Management of Public Utility Undertakings

By SIR HENRY N. BUNBURY, K.C.B.

THE subject of this paper is one with which the Institute is becoming familiar. At the Oxford Conference in 1926 we explored several aspects of Public Utility administration in a series of most interesting papers, and on numerous other occasions papers have been read on some aspect or other of Public Utilities from the administrative or non-technical point of view. Yet the subject, I feel sure, retains a large measure of interest to a conference such as this ; and I feel equally sure that so far we have done little more than scratch the surface of it. If I were to be asked why it continues to attract, I would suggest some such explanation as this : Public Utility management lends itself in a peculiar degree to the process of judgment by results, which after all is the way in which we all prefer that our work should be judged. And even if to the individual the results of his efforts in his particular field do not lend themselves to precise appraisal, at any rate he has the satisfaction of knowing that he is part of a concern whose performance can be measured by definite standards.

In a general paper dealing with so large and so variegated a subject one is compelled in the first place to keep as far as possible to the ground which is common to all or most public utilities. I would observe in passing that it is only in comparatively recent years that the existence of that common ground and its interest as a field of economic and administrative study has been recognized. The impulse has come, I think, first and mainly from America. The economics and management of railways, tramways, gas and electricity undertakings, and so forth, have been for years the subject of separate study and research and have gathered round them a considerable and authoritative literature. What is a much more recent development is the recognition that all these services present on the administrative (not of course on the technical) side a collection of problems the main elements of which are common to most or all of them. Some are political (by which I do not mean *party* political) problems ; others are economic ; others are what we may call managerial—an important department of the art of administration. How is the protection of the interests of the consumer best attained ? How can public control

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and enterprise of management be reconciled, or are they incompatible? What are the relative advantages and disadvantages of control by contract or control by regulation? What should be the attitude of a public enterprise to indirect competition by a private enterprise? Within what limits and on what principles should the policy of making the fat traffic pay for the lean be followed? Should public enterprise aim at a profit or at giving service at cost? In what conditions is it economically advantageous to provide public utility services at less than cost? By what means can satisfactory relations with the consuming public—"consumer goodwill"—best be cultivated or maintained? What are the various means of securing continued efficiency of performance? And so on. All these problems—and the list could be largely extended—are in the main much the same problems whatever the type of utility concerned. The particular form of solution will be governed by the characteristics of the particular utility in question; but it will probably be found to rest on principles which are in the main common to all of them. That is what we mean when we speak of the science of public administration.

It would be foolish, however, to attempt anything like a general survey of our subject within the limits of one short paper, even if its author were competent to make it. What I propose to do is to select two or three of these general problems of public utility management, and to offer a few observations upon them. I have tried to choose those which possess perhaps some current interest at the present time and to discuss them with special reference to present tendencies.

It is not necessary to take time over the rather elusive task of defining what a public utility is, for we all know broadly what we mean by it. Local monopoly, public necessity, wayleave powers, the use of highways, statutory regulation, all play their part. The common factor seems to be this, that the service is of a kind which, for one or another of various reasons, calls for the creation of (in the words of a recent American writer) "a distinct system of rights and duties not originating in contract but in the requirements of public policy." What we do need to be on our guard against is the assumption on the one hand that a concern has only to call itself a public utility to become entitled to all or any of those rights, whatever they may be, and, on the other hand, that when a concern has been called a public utility every one will know what to do about it and all problems will be well on the way to solution. The content of the term is yet too vague, and the conclusions to be drawn from the experience of public control in its numerous forms too tentative and uncertain, to justify any such assumption, if indeed it ever will be justified.

There is one question, of a very general nature, on which a few remarks may not be out of place here, as they have some bearing on what is to follow. Economists and philosophers, to say nothing of other less detached folk, have often asked what are the relative advantages and disadvantages

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of public and private operation of public utilities ; by what tests can they be measured : are there any general presumptions one way or the other ? I do not propose to discuss this contentious subject, but merely to indicate what seem to be the factors in the problem. They are, it may be suggested :

- (1) The *amount* of resources which will be applied to the service under the one system and under the other.
- (2) The *distribution* of a given amount of resources as between one class or category of the consuming public and another.
- (3) The *return* from a given amount of resources under the one system and under the other.

In other words, we may get, by adopting one plan in preference to the other, a bigger, let us say, telephone system, a differently distributed telephone system, or a more efficient telephone system. In one or other of these fields, or in the balance between them, we have to look in order to find out which will be the better plan. I mention the matter because attention is so often concentrated on the last, and sight is lost of the others. It has quite a practical bearing which readers of this paper will readily perceive for themselves.

However, in a conference such as this we must of necessity concern ourselves chiefly with the factor of efficiency of performance, and our interest is in the publicly operated utilities. There is no need to enlarge on the importance of the subject, for we all know it. But it is perhaps permissible to point out its peculiar importance in relation to public utilities, because of their characteristics of stability and security and of monopoly or quasi-monopoly. As regards the latter, it is true that there is often indirect competition—gas and electricity, tramways, omnibuses and railways, for instance. When, however, this does not exist, and to some extent even where it does, the external pressure towards efficient performance is lower in public utilities than in ordinary industrial undertakings.

I want, therefore, to submit for your consideration some of the basic factors which seem to be necessary conditions of really efficient performance. If they should seem to be of the natural order of *platitudines*, my excuse must be, in the words of the Prime Minister, that “ *platitudes* are truths which most people have forgotten.”

The first factor I would mention is public goodwill. No utility can really do the best of which it is capable unless the whole organization is conscious that it has a public goodwill behind it. It is, in this country, not an easy thing for any public service to achieve ; but that it is necessary that all concerned should exercise a conscious and continuous effort to win and to retain that goodwill there can be no doubt whatever. The kind of “ defeatism ” which springs from the knowledge that those

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whom we serve are not going to be satisfied with the service which we render is just as destructive of productive efficiency in the lump as defeatism in a fighting force is destructive of military efficiency. The ultimate test of success is not that the public shall be well served, but that it shall know itself to be well served. In this matter we of the national services have some ground for envying you of the municipal services ; for we think that your task is the easier of the two. You have at hand a strong local patriotism which is ready, if not to approve your efforts absolutely, at any rate to approve them relatively to those put forth in other less fortunate and less enlightened cities. Your management is in closer and more intimate touch with your public. The citizens of Birmingham can see their Tramways Manager walking along Colmore Row ; but who has ever seen the Director of Telegraphs and Telephones ? Our knowledge of what the public is really thinking about our services to them is strained and filtered as it were, and often coloured by imported prejudices, before it reaches the centre. Inevitably a national service is less sensitive in its reaction to public feeling than a local service.

It is pertinent to ask, what exactly is meant by public goodwill, and how is it to be cultivated ? It is, of course, a general and rather vague term, and no reasonable person would think it possible to satisfy every member of the consuming public all the time. There are always those who, if they do not possess a grievance, find it necessary to their happiness to invent one. But, speaking generally, the public which makes use of our services is a pretty shrewd judge of their general efficiency, and, what is equally important, is quick to discern whether our attitude is one of anxiety to satisfy or of indifference whether we satisfy or not. There is no short and simple way of cultivating it. In America, where they have commercialized psychology in much the same way as marriage, in Stevenson's phrase "domesticates the Recording Angel," immense attention is paid to "consumer goodwill" by the private utility corporations as well as by manufacturing and trading concerns. In a large corporation you may find one member of the board specially and solely charged with the "department of external relations"—with cultivating and maintaining the goodwill of the public. They make free use of educative advertisement in order to develop the idea of general co-operation between the organization which provides the service and the public which uses it. They have special "trouble departments" for dealing with all public complaints, the theory being that what the executive regards as a nuisance may be made to have a positive value if turned over to experts in public psychology who know how to make use of it. The most significant development of all is perhaps the great effort which has been made by American Utility Corporations in recent years to foster "consumer-ownership"—the ownership of the corporation's stock by its customers. The American Telephone and Telegraph Company, for instance, has no

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fewer than 423,000 stock-holders, of whom 57 per cent. hold ten shares (£200) or less. I quote this case merely as a striking example of a policy which has been very generally and successfully adopted by public utility corporations in America of recent years. It is interesting to speculate on what would happen if the ratepayers of Birmingham were given certificates of proprietorship, proportionate to their rateable value, in their successful gas, electricity and tramway undertakings, and received in the form of dividends the contributions which are drawn from them in relief of rates.

The best way to win and to retain public goodwill in any particular case must, of course, be discovered by reference to the particular circumstances of that case. It will however be found, I think, to involve three general lines of action in one form or another. First, there should be some plan of informing and educating the public as to the conditions under which it operates, its general policy, its technical developments and improvements, what it can and cannot do, and why, and its achieved results. There are various methods of doing this which I will not attempt here to particularize, though I hope that we shall hear something of them in the discussion. Secondly, there should be some definite machinery for making contact with the public; for ascertaining what the public (or, more precisely, various sections of it) want, and in what respects the service given falls short of its desires; and for giving consideration to its complaints. Where there is monopoly nothing undermines public confidence in it so much as its apparent inaccessibility. The public feels helpless and believes the worst. Here again there are various expedients available, the relative advantages of which will depend on the circumstances of the case; my object here is not to discuss them, but to invite attention to the real importance of this factor in the problem of public utility management. Lastly, but most important of all, there should be a conscious effort on the part of the whole organization, in every rank and grade, to win the goodwill of the public. This is a purely personal obligation; it may be encouraged, but it cannot be organized or departmentalized. To state it, therefore, is sufficient.

Public goodwill, as a condition of efficient performance, works in two ways. On the one hand, the knowledge of its possession (much the same thing as the consciousness of success) has a marked psychological effect on the organization itself. It is in its way just as stimulating as the knowledge of public dissatisfaction is depressing. Even a manufactured dissatisfaction for which there is no real foundation in the mind of the public has, I am convinced, an adverse effect upon efficiency; and the effect of a well-founded dissatisfaction, if regarded as unalterable, is worse. On the other hand is the value of goodwill to the management. Those who control a publicly operated service have to do their work under checks, controls, and restraints from which the private concern is in the main free.

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The possession of public confidence makes, therefore, an immense difference to their liberty of action and enterprise.

It may be objected that a public utility has only to do its job soundly and efficiently, and the goodwill of the public will follow inevitably and without any special effort or organization. This view, however, seems to omit the peculiar characteristic of public utilities, that they are under a general obligation to serve the public and to render equal service without discrimination. They may not pick and choose their customers ; and because the public demand is so varied in its nature, and the public is conscious of the obligations of the utility towards it, it cannot give every one the service which he expects, at the price which he thinks appropriate. It has to deal with extremely complex conditions and must always expect to find a fringe of the public whose demands it is unable to satisfy.

The next factor which I would mention as among the conditions of efficient performance is the adequate supply of information as to attained results. Let me explain more fully what is meant. Private concerns are judged by their profits ; that is the test of their success. Public concerns are judged by the value of service given, or, speaking broadly, by the prices they charge. This is not the place to discuss the old and much-debated problem whether publicly-owned utilities should aim at making profits in aid of rates or taxes, or at rendering service at cost. All I will say on that problem is to advance the proposition that in general the reasons which have led to some particular service being assigned to or taken over by a public authority are reasons which point to service at cost as the true policy ; that is to say, the object has been a wider distribution of the service, and this implies service at the lowest possible cost, which alone can ensure that wider distribution. Service at cost does not, of course, exclude an appropriate contribution to municipal (or State) funds in return for the use of municipal (or State) credit in raising the capital which the undertaking requires ; for if no such contribution were made the undertaking would be receiving a concealed subsidy. In this connection it is of interest to observe that under the Electricity Supply Act, 1926, which is the latest pronouncement of Parliament upon this subject, the maximum amount which may be applied out of the profits of an electricity undertaking in aid of the local rate is $1\frac{1}{2}$ per cent. on the outstanding debt of the undertaking.

Let us, however, return to our argument. If, subject to the foregoing, service at cost is the policy, the undertaking can no longer use profits as its test of efficiency. In this there is some disadvantage ; for there is no doubt but that the making of profits, and of increasing profits, does operate as an incentive to the management even under a public authority, although the profits go not to shareholders but to the ratepayers. It is a definite target to aim at, and gives the human desire for achievement something concrete to fasten upon. Thus with the

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disappearance of profit a need arises for some other measure of achievement. All such measures fall under one or other of two heads: either they must be comparison with our own past performance or they must be comparison with other people's performance. The point which I desire to emphasize here is the importance, if we are to secure continued efficiency of performance, of setting up those comparisons and obtaining the necessary data. When we have got them, we have some measure of the value of our achievement. To do all this seems to imply a general standardization of statistical forms, and some central machinery for the distribution of results. My object here is, however, not to discuss the machinery, for which I have not the necessary knowledge, but to invite attention to the importance of the subject as one of the factors of efficiency of performance. And be it remembered that the goal of that efficiency is itself always in motion. "Any one," says Henry Ford, "can say what a cost is; no one can say what a cost might be."

The third, and last, factor to which I wish briefly to invite attention is that which is known comprehensively as personnel management. It covers many things: underlying them all is the dominant object of making the best use of the human material which the undertaking employs, or, as I should prefer to put it, of enabling every servant of the undertaking to do the best that it is in him to do.

Now round this subject there has grown up in recent years a whole new body of knowledge and theory, with a literature and a terminology of its own. Some aspects of it we have considered on previous occasions: one in particular we shall be considering this afternoon. Here I want to mention one or two aspects of it which have a special bearing on public utility management. What follows has reference to utilities of the kind which employ a large personnel rather than to those which employ relatively few people, mainly with technical qualifications: with them such personnel problems as these are, are of a different order.

From the personnel point of view the characteristics of any large public utility undertaking are that it provides security of employment, routine, and monotony. It calls for the services of large numbers of men who from the time that they join can without much difficulty paint for themselves the picture of what the whole of their working life is probably going to be. It provides some pathway for ambition, but that pathway is narrow, and few can follow it far. On the other hand, such are the attractions of security that few will leave the service for the glorious uncertainties of more speculative occupations. If, as is usually the case, the undertaking has been long established, it operates within a rigid framework of organization, conventions, terms and conditions of service. Rigidity, monotony, fixity of routine—these give the background of the individual working life.

These features of public utility employment give us its personnel

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problems: how to maintain interest in the job; how to provide incentive. I want, in dealing very briefly with this problem, to put aside for the moment all established practices and institutions, however respectable or venerable, and to consider one or two of the fundamental elements of the problem. This is the method of the new science of personal management; and when we approach personnel problems, as we are doing here, from the viewpoint of efficiency of performance, it is much the best method to follow.

We have spoken of interest and incentive. Let us quote from a well-known British authority, Dr. Clarence Northcott, what I believe to be the true doctrine on this subject. "Output," he says, "is an aspect of human activity. This activity is impulsive, expressive, creative: it is inherent in the make-up of men and women, and needs nothing external to set it in motion. The normal man is driven to activity; idleness is a bore and a nuisance. . . . It is not romance, but sound psychology, to say that work and effort are the salt of human life." But, he goes on to point out, that impulse may be diverted or frustrated by unwise arrangements; and further, that man has wants as well as impulses, so that reward becomes the basis of all industrial organization. "Though it may be impossible to equate human effort with the satisfaction accruing from a monetary reward, we cannot dispense with the financial incentive in industrial organization." The point which I wish to make is that monetary reward is one element only, though a most important element, in the satisfaction which can and should be derived from work performed; and I think, for the reasons already given, that it is peculiarly important that public utility managements should realize this, as some of them are beginning to do. We need to find means of giving to the individual worker the sense of achievement and the knowledge of what has been achieved by the organization of which he forms a part. These things can be done if we will but be at the pains to do them. On the side of financial incentive—equally important—we need to re-examine our traditional ideas. I venture to suggest that we are in danger of putting an overload on the promotion machine as an incentive, and that the traditional plan of an exclusive time-wage is fundamentally defective and inadequate. Is it impossible for publicly operated utility services to find some means of giving their servants an interest in achieved results? Not in profits, for they ought not consciously to aim at increasing profits, but in the general efficiency of performance of the whole organization. Here is one set of problems for the personnel management; and I must pass on.

My next topic is vocational fitness—another subject on which much interesting knowledge has been obtained in recent years. Progress is being made in reducing the number of the "misfits of industry." It has got to be done at the start—at or soon after entry; and reliable means of testing aptitude must be devised. I believe that the present

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position of the industrial psychologists in this matter is that they can test manual or physical aptitude with a very high percentage of accuracy—of the order of 90 per cent. or better ; they can test mental aptitude with a very much lower degree of accuracy—perhaps 50 per cent. ; while as regards the testing of moral qualities they have still nearly all the way to go. However, the points to which I wish to call your attention are these : first, that in order to distribute your personnel in the way which most conduces to their efficient performance there must, so far as concerns men or women in the earlier years of their service, be as few barriers as possible between the various departments, branches, sections, or whatever we like to call them. The common establishment is the ideal, with specialization in the later stages. Secondly, that this matter of putting people on the work for which they are best suited is one which needs quite special study and attention, and cannot safely be left, as it often is, to the chance interest of officials who are burdened with many other cares and responsibilities and to whom it may not specially appeal.

My last topic relates to a more elusive subject and is perhaps of less general application. It must suffice to state it, and I will do so in the words of a high official of one of the most efficient and successful public utility organizations in America—the New England Telephone Company. “The kind of management we are aiming at,” he says, “is management with authority all down the line, as contrasted with management by edict from a central source. . . . We are trying to teach our men what their jobs are, what the underlying principles of those jobs are, and then we are trying to get them to exercise the authority of their jobs, with the idea that they shall use their brains, their discretion, having in mind certain fundamental principles. We teach people what their job is, and then insist that they shall exercise the authority and responsibility that goes with that job.”

Is this just platitude ? I am inclined to think not : that it embodies only, if you will, a point of view, but a point of view which carries rather a long way ; and it seems to be not unrelated to the preceding topics of this paper.

The Management of Public Utility Undertakings

By J. H. BROADLEY, F.C.I.S.

THE time and attention which the Institute of Public Administration has devoted to the subjects of "Public Utility Undertakings" and "Municipal Trading" through the medium of contributions made by members of the Institute leaves little or no new matter to bring to the notice of the present Conference.

Nevertheless, it is hoped that the present contribution to the subject may provide some basis for helpful discussion and a means of expressing views from fresh angles.

The term "Public Utility Undertakings" is generally regarded as comprising those undertakings which render services or supply commodities for which the user contributes directly, more or less in proportion to the benefit which he receives as distinct from those services which are free to all who require them, and the cost of which is defrayed out of rates or taxes. Such undertakings may be owned and managed by the State (such as the Post Office); by local authorities with State aid (such as Secondary Education); by local authorities separately or jointly, and by public and private companies.

To deal effectively with the numerous classes coming within the above definition offers too wide a scope to be dealt with in one short paper, and it is proposed to confine any remarks to those undertakings which are to an increasing extent being transferred to public ownership, and which are generally managed by local governing bodies.

The principal undertakings coming under this head are those relating to Electricity, Gas, Transport and Water Supply, and without entering into the political aspects of the question, it may be said that these services have generally been selected for public control and management for two principal reasons, namely :

1. They are more or less necessary to meet the present-day needs and amenities of all classes of the public;
2. They entail interference with and user of roads and streets which are a heritage of the public.

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It has been truly said that the keynote of these undertakings should be "service" rather than "profit," but there must be a proper relationship between the services rendered and the revenue to be derived therefrom. While there are differences of opinion whether the cost of water supply should be entirely defrayed out of the charges imposed upon consumers, it is generally conceded that the other undertakings mentioned should, on the whole, be at least self-supporting, and in many cases they are looked upon as valuable sources of profit to be utilized in relief of the general rates.

The writer takes the view that it should be the aim to make even water supply self-supporting, though it may be necessary, to meet temporary or exceptional circumstances, for a water undertaking to be subsidized from the rates.

Having regard to the keynote "service," however, it may be permissible in the interests of the community for an undertaking to give service to parts of a district where there is not an economic return if the loss can, without the imposition of unduly heavy charges, be made up from remunerative operations in other parts of the district. This principle is imposed upon water undertakings by Parliament, it being a statutory obligation to lay pipes and give supply to all parts of a district where the return is calculated to be equal to a certain percentage on the capital outlay.

Again, the rates for domestic supplies must be "according to the annual value of the tenement supplied." It is well known that the consumption of water does not rise proportionately according to the size of the house, so that in practice those who live in large houses help to pay for the supply to the smaller ones. Water supply stands by itself as being a paramount necessity to life, but the same principle may be applied to a lesser extent to other undertakings. For instance, a Gas or Electricity Undertaking, having laid mains or cables to different parts of the district, will make uniform charges for supplies without regard to the question whether the returns from mains or cables in a sparsely populated part of the district compare favourably with those in a thickly populated part where the services are utilized to the full extent and are therefore more remunerative to the undertaking. This is another argument for such undertakings being under the control of local authorities, as it may be presumed that "service" will then be more readily given where service is needed than would be the case with an undertaking financed with the main object of "profit."

The question of what form of management is most conducive to efficiency, having regard to the service rendered and the cost thereof, is to-day largely bound up with the area problem.

Not so many years ago it was considered the right and proper thing for a municipality to own all or some of the principal trading undertakings.

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In the councils of a large number of municipalities were men of ripe judgment, vision, sagacity and local patriotism who held the view strongly that, as the ratepayers of the town were the largest users of the particular utility, the benefits accruing from such user should belong to the ratepayers and not be dispersed in the shape of dividends to shareholders who might have little or no personal interest in the town.

It was also submitted that if the utility were controlled by the municipality, a better "service" could be rendered than would be given by a company whose principal object was profit.

Accordingly, a great activity resulted on the part of municipalities in the establishment of utility services, and to-day large numbers of authorities own some or all of the principal trading undertakings.

Varying degrees of success from the point of view of efficiency and cost have resulted—some undertakings have proved a success, whilst others have had to receive assistance from the rates so as to make ends meet.

With regard to the latter cases, the misfortunes which have fallen upon some municipalities may be to a certain extent attributed to the Englishman's characteristic of insularity, and the strong belief held by councils of their capacity to manage affairs of their own little kingdom.

If these councils had paused to reflect on their proposals, they would have accepted the inevitable fact that the population and area of the municipality was not sufficiently large to warrant the view that the user of the utility would produce a return which would place the undertaking upon a paying basis.

Our belief in ourselves as a nation naturally descends to us as municipalities, and the jealousies of local government bodies no doubt prevented them from seeing the advantages which would accrue from co-operation with the adjoining authorities, and the establishment of utilities for the benefit of two or more adjoining areas.

Happily, this state of affairs is gradually disappearing. A new spirit has for some years past manifested itself, and has resulted in a wider outlook being taken with regard to local government generally. Jealousies of adjoining authorities are disappearing, and the willingness to co-operate in the furtherance of projects, having for their object the health and social welfare of local government areas, is becoming the order of the day.

In this connection we have to acknowledge the valuable services which have been rendered to local government by the Minister of Health, and the success which has attended the efforts to inculcate a new spirit and wider outlook amongst local government bodies.

At the Summer Conference of 1925 a number of papers were read on "The Areas of Local Authorities in Relation to their Duties," and considerable stress was placed on the desirability of adopting a wider outlook in local government affairs.

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It is suggested that the views then expressed by some of the lecturers are equally applicable to the management of public utility undertakings in relation to the area problem.

In the paper contributed by the late Town Clerk of Manchester (Mr. P. M. Heath), the following paragraph occurs :

"It is thought there can be no doubt that the future will see a tendency to the amalgamation of adjoining smaller areas into combined units.

"Some of the existing small units have not the rateable value and/or population which enables them to effectively provide the requirements of modern local government. Their financial resources are such that their districts are ineffectively provided for in a variety of ways, and it follows that such districts are unable to command the services of adequately qualified public officers.

"The commercial world has satisfied itself of the advantages, financial and otherwise, of the combination and absorption of smaller interests into one larger whole. There is no reason why such benefits should not, in suitable cases, be applied to local government. In these days of keen trade competition in home and foreign markets, it is more incumbent now than ever it was, that the local authorities shall place their ratepayers in the most favourable position by providing an efficient and effective local government service at the lowest cost to the ratepayers."

The factors which go to the making of efficient management may be summed up in the expression "adequate service at reasonable cost."

Has not the time arrived, therefore, when consideration must be given to the question of whether this state of affairs can be better brought about by the larger rather than the smaller unit ?

In submitting the question the writer is taking advantage of personal views which he holds as a result of his association with large water undertakings and with questions of water supply generally.

Nevertheless, these views in principle may be capable of application to the management of Gas and Electric Supply Undertakings.

The water supply of the country calls for serious attention, especially in so far as rural and more or less urban areas are concerned.

Large towns, by reason of their vast resources, have secured means of supply which leave little or no anxiety as to the sufficiency of reserve for many years ahead. The smaller areas have relied on local springs or wells, which have satisfied the immediate needs of the inhabitants during the greater part of the year—provision for the future to meet increasing demands, drought, etc., has never been seriously thought of until a shortage in the supply has arisen, then it has been found that the existing sources are being utilized to their full capacity and no new sources are available. The adjoining district may have resources far in excess of its requirements, or the aqueduct of a large town may pass through the district, but to apply for aid is either met by refusal or the imposition of terms which are regarded by the local authority as unreasonable or undesirable. The drought of 1921 brought many cases of this nature to light.

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The state of affairs was bound to come to the knowledge of the Minister of Health, and for some time past he has been urging upon authorities the desirability of conference by means of Regional Committees for the purpose of taking stock of the water position in agreed areas by utilizing the water resources of the area for the benefit of the inhabitants of that area. Already the action of the Minister has borne fruit in one or two areas, and it is hoped that the valuable pamphlet which has been issued on "Regional Committees" will stimulate local authorities to come together with the object of utilizing the gift of heaven for the benefit of all, rather than those whose financial resources enable them to secure advantages denied to those of slender means.

An amalgamation of areas for the purposes of the supply and distribution of a specific public utility allows of the pooling of the resources of each individual district in the area, and provides greater opportunities for economical management and the enjoyment of the service provided at a reasonable cost. In addition, the consumer secures a service which meets all his needs.

The adoption of this policy in three of the public services, namely—electric supply, gas and water, has become an accomplished fact and the results would appear to justify the assertion made above. Reference may be made to the present government scheme for the electrification of rural areas and the setting up of a comparatively small number of generating stations to cover the needs of a very wide area. Opinions will no doubt be many and varied as to the best form of management to apply to public services established on these lines.

In the case of water supply, the establishment of a Water Board charged with the duty of affording a supply of water to a number of districts within a defined water area has been adopted. The Metropolitan Water Board, the Taf Fechan Water Board, the Tees Valley Water Board, the Durham County Water Board are notable examples.

The management of these Boards is deputed to representatives appointed by the local authorities within whose districts the Boards afford a supply.

In other cases the water undertaker may be a large municipality, and it is authorized not only to supply water within its own area but within adjoining areas as well as those through which its aqueduct passes.

In these cases the management of the undertaking remains in the hands of the municipality, but very often Parliament stipulates that the charges for the supply outside the municipality's area shall be the same as the charges for the time being within the area in the like circumstances.

A similar policy is being adopted in the cases of the electric supply and gas industries.

Other forms of management may be capable of adoption, such as a

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joint committee of local authorities ; a joint committee of local authorities and public companies, or even a public company authorized by special Act of Parliament. The circumstances of the case must to a certain extent govern the form of management, subject always to the question of whether, having regard to the fact that the service rendered is to the inhabitants of the area, the management of the service should not be in the hands of the representatives of those inhabitants.

The question of " service " is associated with a number of considerations in which the public are closely connected. In the past it has been the recognized lot of the consumer to suffer the will and vagaries of what was looked upon as a monopoly. Efficiency and service have suffered by reason of the absence of competition. The greater interest which is being shown by the ratepayers generally in the affairs of his town has compelled the management of public utility undertakings to view their obligations from a different standpoint, and public opinion to-day may be taken to be a fair index of the efficiency of an undertaking. This added interest on the part of the local electorate has resulted in the management realizing that they are servants of the public and not the opposite, and accordingly endeavouring to provide a service which shall give satisfaction at a reasonable cost.

The success of an undertaking may be measured by the satisfaction which it gives to the public. Satisfaction may be fostered by being reasonable and by framing regulations which have regard to the public side of the question as well as to that of the undertaking.

The ungracious rendering of a public service can only last for a time. The opportunity comes either on the occasion of the election of a new management or on application to Parliament for new powers for an adjustment of the policy adopted so as to be more in consonance with what is reasonable and proper.

Allied with the question of service is " finance."

The object of the management should be to give the highest standard of service at a cost which should not be regarded by the consumer as excessive.

It is suggested that all public utility undertakings should be self-supporting. With some reason the ratepayer objects, after paying the charges imposed for the service he enjoys, to being called upon to make up a deficiency by means of his contribution towards the general rates.

Financial control and policy of public utility undertakings has been the subject of discussion and controversy for many years. It was exhaustively treated at the Summer Conference of the Institute in 1926 both from the central and local government points of view, and there is practically nothing new to add to the views then submitted.

Although opinions may differ on the subject, there appears to be

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growing up amongst consumers the view that in the case of public utility undertakings controlled by municipalities, the undertakings should be self-supporting.

Of the four principal public utility undertakings, the one which is more often the recipient of subsidies from the rates is the water undertaking.

Whilst on the one hand municipalities desire to regard this service as a trading service, yet on the other hand it fills an important place in our health services. Some would desire that the supply of water should be placed in the same category as the provision and maintenance of roads, sewerage, and the like, and the expenditure associated with affording supplies for domestic purposes met out of the general rates.

Support of this view is claimed on account of the benefits enjoyed by persons not using the public supply in the shape of water used for fire protection, street cleansing, sewer flushing, and the like. In many cases, however, the person in question pays his due proportion by reason of the water undertaking charging the department performing the duties of street cleansing, etc., for the water used.

Whether this view will materialize into accomplishment remains to be seen. Besides being a health service, water is an important element in the country's commercial life and manufactures, and difficulties with regard to charges for water supplied for trade would arise which are probably best obviated by the inclusion of the service in the category of public utility undertakings.

There are, however, indications that on two of the more important points at issue, something in the nature of a policy may emerge from the many discussions.

The two points are :

1. The extent, if any, to which a public utility undertaking earning a profit should be expected to contribute to the relief of the rates.
2. The extent to which a public utility undertaking should be allowed to accumulate reserves for depreciation, renewals, etc.

As to (1), the policy which appears to be gaining some favour is that the contributions should be limited to a percentage on the capital employed in the undertaking.

The justification for this is based on the fact that by reason of the interest on capital being secured by the rates, the undertaking is able to borrow money at a lower rate of interest than would otherwise be the case.

Apart from this policy, contributions out of profits really represent a higher price which the consumer has been made to pay for the service he enjoys in order to provide the contribution.

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As to (2), the vital necessity for Reserve Funds is admitted, and the present indications point to the amount being limited to a percentage on the capital expended.

It is interesting to note the provisions of the Electricity (Supply) Act of 1926 on this point.

No doubt these matters may become the subject of further consideration and direction by the Government, as an outcome of experience gained from the working of the Act.

Turning to what may be termed the general financial trading policy of a public utility undertaking, a number of problems arise, some of which involve conflicting interests. The ideal financial result to be aimed at would appear to be to so adjust the selling price of the commodity or service, as to secure a revenue sufficient:

- (1) To pay all the usual working and management expenses ;
- (2) To pay interest and sinking fund charges ;
- (3) To make the necessary provision for reserves ;
- (4) To contribute (if so decided) to the rates a sum calculated in the manner indicated above.

In settling the selling price of the commodity, regard should always be had to the fact that the prices charged should be sufficient to produce a revenue which will meet the expenditure properly chargeable to the undertaking.

Some safeguards may be desirable to prevent a municipality fixing a charge for a commodity which is well known will not produce the revenue sufficient to meet the expenditure, and which charge is fixed with the avowed object of meeting the deficiency out of the rates.

As an example of this—a parish within a rural district was desirous of securing a water supply. The aqueduct of a water authority passed through the parish, and the rural authority were entitled to call upon the water authority for a supply from such aqueduct. Inquiries were made as to the price which would be charged for the supply of water, but it was ultimately decided by the rural district council to carry out a scheme of water supply of their own. By reason of the presence of the aqueduct in the parish, the water authority made a substantial contribution to the rates, and now that the scheme of the rural council for the water supply to the parish is completed, it appears that the whole of the charges are not met by the revenue received from the supplies afforded, and accordingly it has been necessary to levy a special expenses rate to make up the difference. A suitable proportion of this deficiency falls on the outside water authority owning the aqueduct, although, in spite of the fact that such authority have erected a house within the district for one of their employees, neither they themselves nor this house benefits from the water supply provided by the district council.

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It is obvious that to maintain an equilibrium as between the different factors is not an easy task, but a good deal can be done towards its attainment.

Dealing with the revenue, frequent fluctuations in selling prices are undesirable, although this should not operate against the consumer where reductions are possible. There is sometimes a tendency to withhold benefits from consumers unduly, whilst on the other hand little time is lost when the reverse is the case.

Should not the reserves contemplated as forming part of a scheme be capable of utilization so as to prevent increases in prices in times of emergency? If such were the case, violent fluctuations in the price of some commodities such as electricity or gas for industrial purposes could be probably avoided with benefit to industry generally.

In any event, revenue is a factor which is capable of fairly accurate estimating. The same may be said of working and management expenses.

The question of rates is one which provides for a variety of opinions.

On the one hand, the management of a public utility undertaking generally take the view that it is their duty to pay as little as possible, whilst another view is held that the undertakings should submit to the highest assessment possible in order that the municipality may receive from the undertakings the largest amount of benefit.

This latter view involves two interesting points, namely :

- (1) How far is the consumer prepared to pay a higher price for the commodity so as to benefit the general ratepayer? and
- (2) Is it better for the undertaking to pay rates to the municipality or income tax to the Government?

In undertakings belonging to a municipality, questions of policy affecting the corporation's interests as a whole arise, which have a bearing upon the consumer as well as the ratepayer, and which could be dealt with by the Institute at a future conference.

Last but not least, the successful running of an undertaking is not only dependent upon the relations between the management and the public, but also upon the conditions which obtain in the internal organization of the undertaking and the relationship between the management and the staff.

The setting up of the Whitley Councils in the various industries has brought about a marked change for the better in these relations. To keep an organization alive and progressive, one must expect to find in the management and the chief officers a spirit of co-operation and thought for the welfare of those who serve them.

If the management and the chief officers are enthusiastic in the performance of their duties this enthusiasm invariably infects the personnel, with the result that the undertaking secures to itself the name of being alive and progressive.

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An undertaking should not be looked upon by its employees as having no soul or any interest in their welfare. This can be and is avoided by the establishment of welfare schemes, to which the management contribute the granting of rewards or additional pay based on results due to increased effort.

In many cases the management have taken a wide view of the term "social welfare" and contributed to the amenities of life outside working hours by the establishment of sports grounds and other amenities for the recreation of the staff.

The Management of Public Utility Undertakings

By ERNEST BEVIN

General Secretary, Transport and General Workers' Union

*[Speech at Morning Session, Winter Conference, Birmingham, 2nd March,
1929]*

I PRESUME I am asked to address the Conference largely from the point of view of the operative—or what are described as the lower grades ; the grades which are sometimes regarded as unimportant, until they cease work. And then it is instantly discovered by the public that they are probably most important.

The problem of the operative grades is ever changing, and year by year the Trade Unions are called upon to attack problems which are constantly assuming new aspects. In this connection it should be noted that, while the Public Utility concern employing thousands of people in various grades has developed, there has also been another branch of the Public Service which has been busy during the last fifty years, which has compelled both management and the Trade Unions to revise their views of the problems of industry and to develop an entirely different attitude to the operative grades from that accepted in the past. I refer to the teacher. The work of the teacher in stimulating an urge for a higher standard of life throws upon us, decade by decade, the task of trying to adjust wages, conditions, hours, and amenities, in order to give an opportunity of expression for the higher standards thus created.

It seems to me, therefore, that there is an absolute need for the management of Public Utility concerns and those representing the workers to come together to discuss afresh the whole problem of their relationship, and to accept these facts as the basis of their discussion. In private industry we have had the Melchet-Turner conferences, and although the ultimate result of those conferences is in the lap of the gods, it has given, so far as private concerns are affected, the opportunity to review on an entirely new basis the respective functions and relationships of owners, directors, managers and operatives. There are, however, certain important characteristics in which Public Utility management differs

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from private management, and from the point of view of the operative grade their problems are on a rather different footing.

One of the first problems which arises is as to the attitude which should be adopted in regard to wages and conditions, and in this the question of cost must play a bigger part than it has hitherto. There has been a good deal of ignorant talk about sheltered trades, referring primarily to the Public Services. But it is well to indulge in a little closer examination not merely of the wages paid in Public Services but of the actual cost to the community of the services rendered by public authorities and those rendered by private industry. It will then be found that most of the public authority services are supplied to the public at prices nearer to the pre-War level than are those of competitive industry. I am not making this comparison on any grounds of political policy—the merits of public as against private ownership are not under consideration at the moment—but this fact does seem to indicate that economies, invention and development have been taking place in the Public Service on at least an equal footing to those of private industry.

In dealing with the amenities side, a good deal is being made of welfare and other forms of such amenities, but the great danger is that unless care is exercised and these services run jointly they will merely develop into a form of patronage bordering on benevolent feudalism.

It seems to me to be desirable that the conduct of a concern should be divided into three more or less distinct functions: (a) policy, (b) management, and (c) operative. Having regard to the different situations existing, I do not think the United States can teach us much in this country, but I am bound to say that the development of management as distinct from policy in that country has taken a more definite form. In fact, it is becoming a profession equal with the other professions, and its distinctness has been on the whole advantageous.

There is a tendency in Public Utility concerns for the committees to encroach upon actual management. In my view the directorate, or committee, or whoever is responsible for policy, should lay down the lines of a broad policy, and the management should be allowed, within the limits laid down, a good deal of initiative and chance of expression for their ideas and organizing capacity. The effect would be that a greater opportunity would be given to encourage a better working relationship between the management and operative sides.

Technical education should be a feature introduced within the industry, in order to get a high standard of operative and management, and to recruit management. In one industrial council with which I am connected this problem of technical education has been taken over by the council; the workpeople and the employers have combined for the purpose of administering and developing this technical education side of their joint interest. The result is that they are tending to produce a higher

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standard among both operators and managers, and at the same time teaching those responsible for management the desirability of recruiting from the rank and file the personnel for the higher branches of operative control, and also paving the road to management itself direct from the operative grades.

Competition does not produce the best results, but if the technical side of management is to be stimulated to use its brain, the best pressure to this end is the pressure from the community for good and efficient service, and the continuous pressure of the workpeople for improvement in their property and standard of living.

With regard to the functions of management, it is essential to remember that, of necessity, a manager has not only to be technically equipped and to have organizing capacity, he must be a master of psychology also. It is not by a mass of rules and regulations that efficiency is produced. In fact, in many of the great services if the rules drafted by those above for those at the bottom were put into operation, the whole country would come to a standstill. I am strongly in favour of developing what is better expressed as an unwritten discipline. The kind of acceptance, from the top to the bottom, of the idea of making the whole concern a success ; this is not difficult to obtain if the ideas running through the concern are emanating from a well-balanced and broad mind at the top.

I am struck, too, with the limitation placed upon publicity in connection with the management of Public Utility concerns. Is it not possible to issue with our rate demand notes a well-written account of the activities of our public departments, something bright and informative, written quite impartially and in a manner to be understood by the ordinary citizens ? It is perfectly true that reports go to the Councils in a perfunctory manner, but I am sure that a report presented to the public in the manner I have indicated would tone up and add impetus to the Public Utility services.

With reference to political policy ; I take the view that once the citizens have decided to own or develop a Public Utility concern, it is unfair to the management and to the operatives for the matter to be the subject of fresh controversy and hindrance, and it should be the duty of all parties to give of their best service to make the concern a success ; and the way to achieve this is to get a very high standard of management, well paid and well trained, and to get in return full value for the money paid. The authorities responsible for policy should develop this on broad lines accompanied by a demand upon the management to utilize all their ingenuity and initiative to give to the community service at a reasonable cost after meeting proper wages and conditions.

The Essentials of an Efficient Promotion System

By Miss D. SMYTH

I

IN dealing with the subject for discussion at this conference the difficulty has been to keep within reasonable limits. Questions of promotion are so intimately related to questions of recruitment, to questions of training and staff organization, that it would be possible to cover the whole field of Administrative organization without straying beyond the relevant.

Vague generalizations as to promotion lead nowhere. A system suited to one type of organization may be useless to another. Wide general principles may be the same, but the real difficulty lies in their adaptation to the varied structure of our social institutions.

The Civil Service, Local Authorities, Banking, Commerce and Industry all have their promotion problems. To some extent they are the same, but the details vary according to methods of recruitment and how far technical knowledge may be required.

As the present structure of our Civil Service is fairly new and moderately well known and as it is the organization which to me is most familiar, I propose to base the recommendations of this paper on the existing framework of the Civil Service as laid down in the Reorganization Report of the National Whitley Council. I do not suggest that the structure outlined in that Report is above criticism or that experience has not disclosed possibilities of improvement, but the principle of synchronizing Civil Service recruitment with definite stages of our educational system has so much to recommend it that it should be possible to base on it a satisfactory system of promotion. The skeleton structure of the Civil Service can most easily be compared to three ladders as shown below.

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Administrative Class Ladder.	Executive Class Ladder.	Clerical Class Ladder.	Writing Assistant Class.
Head of Department			
Assistant Secretary Principal £700-£900	Super Executive Posts Principal Clerk £550-£700		
Assistant Principal £200-£500	Higher Executive £400-£500	Super Clerical £400-£500	
recruited at age of 22-24 by Open Competition of University Standard	Executive £100-£400 recruited at age 18-19 by Open Competition of Intermediate Standard	Higher Clerical £300-£400 Clerical £80-£250 recruited at age 16-17 by Open Competition of Matriculation Standard	Writing Assistant (Women only) 18s.- 36s. weekly.
			recruited at age 16-17 by Open Competition of standard below Clerical

(The salaries above are basic male salaries exclusive of bonus, those of the women being on a lower scale.)

It will be seen therefore, that there is a double problem in the Civil Service, promotion from one rung of the ladder to the next and promotion over the bridge from one ladder to another.

II

In considering our difficulties we have to consider first what is the main object of promotion.

Is it to reward efficient and conscientious service ?

Is it to provide a career for the product of our educational system ?

Is it to ensure the most efficient and economical performance of public duties by seeing that every post is filled by the officer most suitable by character and ability to fill it ?

Hitherto promotion in the Civil Service has largely been governed by the first consideration, and efficiency in the work of a grade coupled with seniority has been sufficient to secure promotion to the next ; and I may say here that I am quite convinced that one of the main disabilities from which the Service is suffering to-day is that promotion has been too easy for the mediocre and almost unattainable for the officer of exceptional ability until the finer points of such ability have been dulled.

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I am not ignoring the fact that meritorious service should be rewarded nor that the second object should to a minor degree be met, but I am convinced that neither of these should be the *main* object of promotion.

Meritorious service in the Clerical Grade should not *by itself* entitle an officer to a Higher Clerical post involving supervision for which he may be totally unfitted, and in this connection I should like to quote from an article by Dr. Culpin, the well-known investigator on Industrial Fatigue, reprinted in *The Lancet* of the 27th October, 1928, in which he says: "Scrupulousness while estimable within limits is carried sometimes to extremes and appears as fuss or worry. Unfortunately this overscrupulousness does not diminish with age, and what may have been a useful though not unmixed quality in a subordinate becomes a nuisance when the afflicted one reaches a position of authority. We have had experience that a *personal factor of that kind can affect sickness rate in subordinates.*" And yet there are few lower grade Civil Servants whose official lives at some period of their careers have not been made a burden by the promotion to a Supervisory post of an officer whose qualifications were length of service, unassailable accuracy and thorough reliability to carry out detailed instructions or whose personal service to some highly placed official has been rewarded in like manner, though failing lamentably in those qualities which should be sought in every supervising officer.

The second object is, I consider, adequately met by arranging the entrance examinations to the Service so that they should conform to definite stages in the educational system of the country, and yet the impenetrable barrier surrounding promotion from the Clerical to the Executive and from the Executive to the Administrative Class shows that it is carried far beyond this point. The "born administrator" is not always born to enter the Service by a First Division Examination. Once a man is in the Service the fact that he entered on a higher ladder than some one else should not be used to bolster up unsuitability right through an official career, and if an officer of a lower Class shows that he possesses to a greater degree the qualifications required for an Administrative post than does a Junior Administrative Officer, there should be no hesitation in making the appointment from the lower Class; which is no more than to say that merit, wherever found, should be the only touchstone to promotion.

This would admittedly lessen the prospects of the Junior Administrative officers, but with their advantages of education and training they should not fear such competition, and the ratio of higher to lower posts is greater in the Administrative Class than in any other Class in the Service. Further, the Administrative Class is responsible for the formation of policy, and the prestige of the Service would, I feel certain, gain by the entry into that Class of officers whose experience was on the more

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practical side of the application of such policy in more direct dealing with the public.

I should perhaps add at this stage that the Reorganization Report lays down that special machinery is to be set up to provide for the exceptional promotion of members of the Clerical Class to the Executive Class and of the Executive Class to the Administrative, and some years ago a certain small number of officers were successful in climbing across these well-guarded bridges. Now, however, the Treasury has refused to provide the necessary machinery agreed in 1920 and the bridges between the ladders remain practically impassable. The other existing method of crossing from one ladder to another is by means of the concession allowing a small extension of age limits for examinations to those already in the Service. When examinations occur at regular intervals this concession has the effect of providing a limited means whereby those in a lower grade may enter the higher grade for which they are qualified by their educational attainments, but although this, to a certain extent, relieves the congestion in the lower grades, it hardly comes within the provisions of a promotion system.

With a view to finding the best material wherever it may be hidden, we have therefore as one of the first essentials of any promotion system that there should be no artificial barrier to promotion from the lowest to the highest grade, and I suggest that as far as the Service is concerned it should be made effective :

- (1) By the abolition of the Writing Assistant Class. (The work not suitable for the Typing Grades to be allocated to the juniors in the Clerical Grade.)
- (2) By a much more generous age extension for those in the Service sitting for examinations. Thus the Executive Examination should be open to any one in the Service up to the age of twenty-five and the Administrative up to the age of thirty.
- (3) By reserving a certain number of vacancies announced for each Clerical Executive or Administrative Examination (including Departmental Examinations) for the promotion of specially picked officers within the Service, such number to be within an agreed percentage of the vacancies, say 10 per cent. to 30 per cent., the percentage at any given examination to be settled by the Civil Service Commissioners. They would also select the candidates on Departmental recommendation and interview, as was done in the Competitive Selection for Women in 1922 and has been done for Departmental posts since.

It is to be observed that my proposals involve no lowering of the standard of recruitment for those entering by examination. The proposal at (3), however, requires some amplification. The Civil Service Commissioners are the body responsible for recruitment, and it is simply proposed to extend their field of choice to cover those already in the Service. The standard of the Grades could be maintained and the age balance could be adjusted by the use of the variable percentage of vacancies to be filled from inside the Service.

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We have so far been discussing promotion from one ladder to another and therefore promotion of the exceptional officer. Such promotion to be of real value must take place while an officer is plastic enough to absorb new methods and to retain a continually expanding outlook. My ideal system of promotion would make it possible for a Writing Assistant or Junior Clerk entering the Service at sixteen to become a Junior Administrative Assistant at thirty. The officer who, having started at the bottom, reaches the top is in nine cases out of ten better than one who started with one foot on the top. At the moment, though practically barred by the age limit from competing for Clerical posts, I am aware that there is nothing to prevent a Writing Assistant from sitting for the Executive or Administrative Examinations, and quite recently a Writing Assistant working all day in the Post Office successfully competed for a post as Assistant Inspector of Taxes. It should, however, be somewhat humiliating for those responsible for Civil Service organization to realize that had she been unable to afford the fee or been tied by domestic duties in her spare time, she would possibly have remained a Writing Assistant for six or eight years to come and probably never have got beyond the Clerical Grade.

I am not alone in deplored the waste of good material caused by existing methods. Both Sir Stanley Leathes, late 1st Commissioner of the Civil Service Commission, and Sir Albert Flynn, K.C.B., amongst others, have recently drawn attention to the wasted talent in the lower grades of the Service. The public has a right to demand that some system of organization shall be evolved in which grades shall not prove an impassable barrier to the full use of ability.

III

We now come to promotions within a grade which, at any rate in the lower grades, where the first promotion from routine work occurs, are always promotions to supervisory posts. The selection of officers for supervision does not usually receive nearly enough attention. Routine work unfortunately forms the bulk of the work in any big business, and the efficiency and the economy of the whole concern depends on the spirit in which its routine work is done. It therefore follows that the chief supervising officers of Departments dealing with routine work should be chosen with as much care as their administrative chiefs. It is the fashion to despise routine work and it can be made monotonous, uninteresting and soul deadening to such an extent that health is affected, ambition deadened and the staff starts each day as a penance to be ended as soon as possible, or in the hands of a capable and inspiring organizer it can be made interesting and even exciting.

It is quite true, as Mr. Henry Ford has discovered, that to many

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people routine work in itself is not distasteful. I personally worked for twelve years in one of the worst routine branches of the Post Office, and am not ashamed to say that I found a certain exhilaration in my effort to be an efficient and perfect-fitting cog of such an immense and smooth-running machine as it then was. Certainly during the greater part of my time there I was fortunate enough to work under women with imagination and personality enough to prevent the work from becoming an endless *corvée*. My periods of hopeless disgust were caused, not by the actual work, but by stupid people who mistook driving for supervision, by working with a bad light or with a chair too low or too high, during one dreadful summer in a new building which became a nightmare because my seat was under a window with no blind, or by silly little prohibitions imposed by rigid-minded chiefs whose most marked ability was their ingenuity in laying down what other people should not do.

To make routine work anything but deadly, it must be run with the team spirit and the team leaders must have the confidence and respect of the workers; not only that, but the methods of work must be really efficient if the individual worker is to take a pride in doing his or her bit.

One of the few fascinations of routine work lies in the joy of organizing it till it works out as part of a symmetrical pattern, and to work under a chief who lacks the imagination to create the pattern or the efficiency to make it fit smoothly is to put a heavy drag on the zeal of your staff, and no one is more critical of faulty organization than they are.

I am somewhat stressing this point of the need for careful selection of the right type of supervising officer, but it must be remembered that even to the lowest grade of supervising officer is entrusted the training and encouragement of the new entrant, the initial responsibility for the discovery of exceptional ability. It must also be remembered that with the increased mechanization of the Service the number of higher posts will diminish and the strain of monotony will become greater. Unless we want a large percentage of our juniors to become neurasthenics before they are forty we must take steps to ensure that the conditions under which they work are ideal, and supervision is one of the most important conditions. Many of the subordinate staff will never receive promotion and many will work twenty-five years to get it. They have the hardest because the dullest work to do, and we owe it to them to see that promotion is given to an officer chosen for his suitability to lead them and *not for any other reason*.

If we are to be bossed, we all want to be bossed by some one whose character, efficiency or education is superior to our own.

Naturally, in promoting up the ladder, where the officer is to remain in the Department and often on the same work, experience will be a valuable qualification and seniority will therefore receive its due weight, not because it is valuable in itself but because the qualities we look for,

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such as judgment, power of taking responsibility, tolerance and impartiality, are qualities less inherent than acquired.

IV

We now come to the important question of the selection of the material from which promotions are to be made, in other words, the system of reporting on staff, and here at once let me warn any one against adopting the form of Annual Report at present in use in the Service. I have made a point of extracting from all my Service friends and acquaintances who have a staff of more than fifty to report on, their views as to a yearly report which dissects a human personality into fourteen subdivisions and expects an A, B, or C marking on each, and in no case have I met one who could speak with ordinary restraint about it.

What the National Whitley Council Promotions Committee endeavoured to do was to obtain a uniform standard by which every officer of a certain grade should be judged and marked. What they have succeeded in doing is to ensure that a standard form is used to record the markings, which I think you will agree is a very different matter.

I am in favour of yearly reports, which for the first two or three years in any grade should cover such matters as official conduct, application to work, progress in learning and nothing more, unless it is desired to pick the officer for exceptional promotion to another class, when special attention should be drawn to his qualifications in order that he may be tested under another supervising officer in another Branch before being recommended to the Civil Service Commission for special promotion.

For clerks climbing the ladder in the ordinary way, reports on ability should not be called for after the probationary period until they have been from three to five years in a grade, and then the form of report should be as elastic as possible. Certain definite points which would be essential to promotion should be asked for, but the object of the report being to obtain a picture of a personality, the valuable part of the report would be in the reply to such questions as : What special abilities does this Clerk show ? What type of work does this Clerk excel in ? Is he adaptable ? Has he personality ?

Incidentally, in my opinion one of the qualities essential to promotion in the Civil Service is ability to draft easily a clear and accurate letter to the public and ability to express oneself lucidly and comprehensively in a report. I can only imagine that the omission of these two qualifications from those on the Whitley Council model report form was prompted by the fear that the bulk of the Service might get a " C " marking, rather than by a conviction that such qualifications were not essential.

I certainly think that the present system of Official and Staff Side Promotion Boards, though not perfect, has its uses, particularly in so

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far as that the Staff Side should have the power to consider the available material and make its recommendations to the Official Side. When I say that the present system has its uses, I would remind my readers that one of them has been stated by a cynic to be that it keeps the staff quiet. Whether I agree or not, it should be remembered that a staff which thinks it has no grievance is happier and works better than one which fancies itself badly treated.

V

As regards training, it is difficult to lay down hard-and-fast rules. Opportunities for training vary tremendously according to the work of a particular Department. In some Departments a periodical change of work will provide all the training an officer can absorb, in others, more highly specialized, a change from one Department of a Ministry to another might be necessary, and there is no doubt that suitable Departmental lectures are invaluable as enabling an officer to grasp those main principles of his work which are so easily lost sight of in a maze of detail. There is only one rule of universal application, and that is that the Head of a Branch who keeps any subordinate junior officer in a big Department on the same piece of routine work for more than five years should be removed as unfit for his job.

Deputizing in higher posts is one of the most valuable methods of training, and should be used to a much greater extent than at present. Where it is used the period should be sufficiently long for the lower officer to have an opportunity of really accepting the responsibilities of the higher post. Many higher officers temporarily absent have no hesitation in handing their work to another officer of equal rank on the ground that they have no one in the lower grade suitable to perform it, and in other cases Departments definitely adopt this principle to avoid having to make a decision as to the person who should be selected. No Establishment Branch should accept such excuses unless in exceptional circumstances; the surrender of such valuable opportunities for testing the abilities of staff should be regarded as a blot on the powers of administration of the officer of higher rank.

On work which involves direct dealing with the public, such as Insurance and Pensions, a six months' period on outdoor work would to my mind be essential for consideration for promotion above the Higher Clerical Grade. It is amazing how Red Tape comes untied when those using it have personally to explain its effect to its victims.

Training by means of preparation for examinations should be limited in its use. It would exclude, for instance, the large number of women whose unofficial time is fully occupied by domestic or filial duties.

The Departmental Whitley Councils might well devote more time to evolving Training Schemes suitable to the varied conditions of different

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Ministries. Training is not only a path to promotion, though it should be an essential one, but it is valuable as relieving monotony and increasing the interest and efficiency of the staff.

VI

I was asked to present the woman's point of view on this question. My answer to that is that there should be no such thing. If the object of promotion is to secure the most suitable person for the job, the question of sex will be accidental and the problems only affect women in so far as that they are much more acute for women than for men.

The allocation to a grade reserved for women of the routine work which was considered by the Lytton Committee as unsuitable to men physically and mentally "markedly below the normal standard," on the ground that the men in due course "would become disheartened by the very routine nature of the work," has rendered the promotion problem more acute amongst the women in the Service than the men. Whether monotony is injurious or not is a question of temperament, not sex, and when it is realized that a woman Clerical Officer at the Savings Bank Department of the Post Office has to wait twenty-seven years before she comes in the purview of consideration for her first promotion, and the position is steadily worsening, it will be seen how pressing the problem is from the woman's point of view.

The time may come in ten or twenty years when, after experience of women's work unfettered by artificial restrictions, it may be possible to decide that such and such a post might be more suitably filled by a woman than a man or *vice versa*; but until women have had freedom to work on their own lines it is not possible to say for which work they are most suited. If I may quote John Stuart Mill: "If anything conclusive could be inferred from experience without psychological analysis, it would be that the things which women are not allowed to do are the very ones for which they are peculiarly qualified," and without experience we do not know where the aptitudes are to be found. After all, no one seems surprised to find a man in the Civil Service dealing with Maternity and Child Welfare; presumably he has or is expected to acquire an aptitude for a subject which Nature has made peculiarly a woman's; why then express surprise that a woman should succeed in dealing with Light Railways, a subject that the Press had apparently considered peculiarly a man's?

VII

So far I have touched merely on the fringe of promotion methods, but in a paper of limited length it is not possible to do more. An entire paper could be written on the subject of Recruitment or Training alone.

The most efficient system in the world will be comparatively valueless

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unless the proportion of higher to lower posts enables a man to envisage promotion before he has left the prime of life. Higher posts are limited, and rightly so when their increase means a heavier burden of taxation, but no artificial restrictions should be added to the difficulty of obtaining one.

I suggest, therefore, that as regards the Civil Service the following are the essentials of an efficient promotion system:—

- (1) That it should be the object and desire of those in authority to discover and train talent *wherever it may be found*.
- (2) That there should be full and adequate machinery to enable the exceptionally gifted officer to rise exceptionally either inside or outside his own Department.
- (3) That in normal promotion the greatest care should be taken in selecting officers whose main duties in the lower classes will involve supervision and with it reporting on and training of junior officers.
- (4) That the Establishment Branch of a Ministry should be staffed by officers specially chosen for their knowledge of Service conditions and their organizing experience, and it should be part of the function of the Branch to exercise a general supervision of personnel with special regard to the development of special aptitudes and the training of those with exceptional abilities.

I shall be told that every Head of a Department is searching for talent, and to a certain limited extent that is true, but the search is so limited in its scope. How often do Headquarters Branches search in their subordinate Branches for possible recruits? How often do they insist on the interchangeability of staff in order to ascertain whether all their square pegs are really in square holes? The Civil Service is so full of inhibitions as regards grades and sex that in effect an officer of even very exceptional merit may remain unnoticed for the greater part of his official career unless he is fortunate enough to work personally for some one with influence.

America has learned that it cannot afford to waste even the most unpromising of its human material, and we must learn that we cannot afford to waste the best.

I should like to sum up in the words of a friend of mine whose advice I asked on this paper. He said: "The essential of an efficient promotion system is an efficient Establishment Officer," and I think he is right. We expect the Head of our Legal Branches to have a knowledge of the Law and our Accountant-Generals to have some knowledge of Accounting, but how often do we require our Establishment Officers to have a knowledge of psychology, conditions which cause fatigue, modern methods of staff organization, or, in fact, any technical equipment for their job? I agree that the necessary qualifications are difficult to find, but modern business has realized that it is essential to the successful running of business that their Staff Manager should be an expert, and in time we may learn the same lesson in the Civil Service.

The Essentials of an Efficient Promotion System

By SYDNEY LARKIN and H. R. RALPH

1. WE propose to discuss this subject solely from the point of view of the Local Government Service. The Local Government Service has so many peculiarities that it is probably true to say that what are considered to be essentials of a system of promotion in connection with the National Civil Service or with large undertakings such as banks and railways are quite inapplicable to the local authorities, while criticisms of local systems from the point of view of other organizations are generally not pertinent.

2. Local government, notwithstanding its apparent antiquity, is in its childhood—some would say its second childhood. It has become clear during the last decade that the personnel of the staffs of local authorities must, within the present half-century, undergo a profound change. That change has already been set on foot and is fostered by the stipulation, in all progressive local authorities, for a certain standard of general education in all entrants to the service and by the expressed necessity for professional qualifications in certain higher posts. Considerably greater changes are, however, foreshadowed and the strengthening of official staffs will proceed. We see no signs of the decline of bureaucracy.

3. The disconformity which exists between an efficient system of promotion and the actual methods of local government is probably known to few people outside the local government service. We refer particularly to the appointment of chief officials. Time after time, cases are observed in which the applicant for a post in the local service, after having set forth his qualifications for the position he seeks, begins to use every influence and to pull every wire which he thinks will assist him to attain his objective. Many officials honestly believe that it is impossible to obtain a new position without influence, and there is no doubt that (notwithstanding the common prohibition of "canvassing") the atmosphere surrounding local government appointments is not quite healthy. We attach as much blame to the applicants as to the local councils in this matter, and we may ask to be pardoned for indulging in

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some merriment when we read in the service journals that "Mr. A. B. has accepted such and such a position" when it is well known that Mr. A. B. has been moving heaven and earth and has pulled every possible string with a view to "getting the job." The "call" which we understand is received in ecclesiastical circles is feeble in comparison with the "acceptance" of office in local government.

4. The effect of this system is sometimes unlooked for. Not infrequently a really good candidate will get a position owing to the anxiety of the several factions of the appointing authority to support other candidates—the process could be accurately described colloquially as "slipping into" the position. Many officials, on the other hand, could give examples of selected candidates being interviewed by committees and councils where either (1) the result has been known to the candidates before the interview has taken place, or (2) the appointed candidate has admittedly been the poorest of those selected. The number of perfectly open appointments for chief positions is not large, although it is fair to state that, even when the appointing body have been strongly influenced in favour of a particular candidate, there are occasions on which they have been so impressed by the qualities of another candidate that they have not had the audacity to appoint the "favourite," but have appointed the best man.

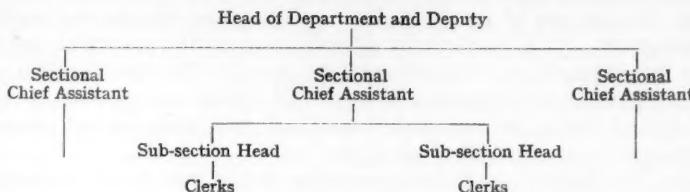
5. In positions lower than that of chief, prospects are better, for the very simple and obvious reason that the chief himself has considerable voice in the final selection. A chief officer is not likely to jeopardize the efficiency of his department for the sake of somebody's political, religious, social or other attainments. In consequence, the effect of the system we mention in the previous paragraph is not so disastrous, because the candidates for chief positions must in practice be drawn from those occupying lower posts.

6. Apart from the state of undevelopment in which local government stands at the present day, and the uncertain methods which obtain in some cases in the appointment of chief officials (methods which, we agree, are not peculiar to local authorities), an even greater difficulty in formulating a scheme of promotion arises from the extreme diversity which we find in types of local authorities—both as regards functions and size.

7. The system of grading posts in local government is fairly widespread. The scales of salaries drawn up to meet grading schemes are often complicated by a multiplication of classes. This does not tend to obviate criticism as to the grading of particular posts, and it has an important bearing on the question of promotion. For example, we understand that the City of Salford has a scale of salaries comprising four divisions, twenty grades and sixty-four classes. This is probably an exaggerated example of all salary scales.

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8. The usual organization of an ordinary municipal department is somewhat as under :



9. In theory it is said that the post and the duties attaching thereto are graded, but in practice this is often untrue. There is a distinct tendency on the part of a committee of a local authority to stress unduly the age of an official if a young man is recommended for promotion to a responsible post which carries a salary fitted to the duties. It is unfortunate that very few elected representatives are willing to believe in the authenticity of the younger Pitt, and the majority are quite incapable of believing that a member of their staff may be equally gifted in his own sphere and therefore well worth the remuneration which would unhesitatingly be paid to an older man performing the same duties, perhaps less satisfactorily.

10. As a result of this attitude it often happens that, despite the theory of the salary scale and the grading scheme, the remuneration of a young man below the rank of sectional chief assistant, or perhaps sub-section head, depends roughly on age and length of service. This has a discouraging effect on the young man possessing more than average ability. In the end he is driven to the position of accepting responsibility without adequate remuneration. If he is at all far-seeing he will accept this "promotion in status only" for the sake of the experience gained and will seize the first opportunity of obtaining a position in another town. Generally speaking, it is only in this way that a man may obtain exceptional promotion. It is, in fact, rather striking to find that the disadvantages attaching to youth are not thought to be so great if the candidate is an "outsider"—using this word in its best sense.

11. It is a postulate that promotion should be as free as possible in all large departments. In small departments, promotion is restricted by the absence of vacancies. In all local authorities, however, the system of promotion within departments should be supplemented by a system of transfer between departments. This does not mean indiscriminate transfer for training purposes (which we will discuss later), but provides that in the case of any vacancy which cannot be filled by the promotion of a member of the staff of the same department, the head of the department shall (unless his committee decides that there are special reasons

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for not following such a course) cause a notification of the vacancy to be circulated to other departments and, unless there is no suitable candidate forthcoming from the council's own staff, the vacancy is filled in that way. In the case of purely clerical appointments, this method works satisfactorily. It is particularly advantageous to the ambitious youth who finds himself in a departmental *cul de sac*. The specialization of departments of a municipality renders this system inapplicable except in cases of clerical or semi-clerical staff and, to a more limited extent, of draughtsmen, engineering assistants, etc.

12. The basis of an efficient promotion system must be good recruitment, and that was well dealt with by the readers of papers at the Cambridge Conference of 1928. The next step is to provide for a system of transfer without promotion. Junior clerks are generally on a salary scale which provides for automatic increases irrespective of the exact nature of their duties. A head of a department will find considerable advantage in transferring individual juniors from section to section and also within the ambit of the sections to which they belong. The object of this is (1) to prevent grooviness, (2) to give wider experience, and (3) to afford chances of discovering special ability with a view to subsequent promotion.

13. Seniority promotion is founded on the fact that an official has been engaged on his particular job for many years and has become so steeped in his work that the appointment of a younger outside man over him almost invariably imposes on the superseded man the duty of teaching the new senior the routine of the work—always a distasteful situation, whether viewed from the one side or the other. It is the cause of many legitimate grievances.

14. Seniority should never be regarded as a bar to promotion. In fact, it might be laid down that, unless there are good reasons to the contrary, seniority should count. One cannot, however, rely on seniority, and the system of transfer without promotion enables the head of a department, with a minimum of dislocation, to cope with any vacancy in which the seniority system has broken down.

15. The filling of the higher positions (not particularly those of heads of departments) involves a difficulty. Such positions nearly always entail the holding of professional qualifications, and if there are junior members of the staff who possess those qualifications, and are otherwise quite suitable, it would appear to be (and, in fact, is) only fair that these men should be promoted. But such is the state of local government in this country that it is very often of considerable advantage to a local authority for these higher positions to be filled from outside. In some cases, it may even pay to appoint some one altogether outside the public service, say, with experience of large scale business or from a good professional office. That line of action is rare, inasmuch as the local

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government service is becoming more and more of a closed profession. It is hardly necessary to add, here, that it is always much to the advantage of juniors themselves that they should not stay with the authority with which they received their training. All this points to the necessity for regarding the local government service as a whole and not as a number of local services. Notwithstanding the many and obvious weaknesses of local government at the present day, it acquires enormous strength (far outweighing the weaknesses) by the prevailing system of competitive transfer from one area to another. Frequently local councils will express their preference for "the local man." That tendency generally has the effect of injuring the efficiency of the municipal service in that particular town.

16. The theory of an efficient promotion system is that it induces good work by reason of the knowledge that conscientious efforts will be rewarded by promotion. Although many of us have the reputation for working for the love of the thing, we are none the less always hopeful that our good qualities will be recognized and rewarded. That, too, is the general position.

17. In local government, however, there are difficulties in carrying this theory into practice. Perhaps the most important case is found in the stationary local authority, i.e. where new developments and expansion are not taking place. In the departments of such an authority, promotion can only occur by reason of the marriage (in the case of a woman), superannuation, retirement, dismissal or death of one of the existing staff. In such circumstances, it behoves the junior, after having qualified himself, to move into the service of another authority. Assuming that the opportunity for promotion exists, the only real barrier to promotion, in any up-to-date authority, is the absence of professional qualifications. This barrier is not impassable to any one of average ability, and it is an essential part of any scheme of promotion that the fullest possible facilities for study should be available to those members of the staff who are likely to derive benefit from those facilities. We strongly recommend that as many articled pupils as possible should be included in the various staffs, the articles to be given to those juniors who show most promise. No premiums should be required where local government officials are required to take articled pupils—that system is not only repugnant to modern ideas of professional education, but it is reminiscent of the bad old days (perhaps not entirely gone) when local officials were willing to adopt any method of adding to their remuneration, from whatever source it might come.

18. It is contrary to the spirit of present-day local government to suggest two classes in the administrative staff—an upper and a lower—but we consider that such a division would be beneficial and that it will probably come into being during the next half-century. It cannot be

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denied that the complexities of modern local government are demanding a different type of official for the higher posts. It is equally certain that the routine work remains very much as it always was, except that more of it is done mechanically. The two branches of work demand two different types of official and, while the promotion of an official from one class to another must always be possible, it will be evident that the successful accomplishment of the routine work does not by any means indicate that the person so successful should be promoted to more advanced work. It may be more likely that the official promoted was not an outstanding success on the routine work. Cases of this sort will occur to all who are familiar with municipal affairs.

19. Although an intimate knowledge of routine work may, and often does, assist a higher grade official to carry out his duties, it is not at all clear that such intimate knowledge is necessary. It would be a delicate problem to decide as to how far one official is more valuable than another by reason of the fact that the former has had a "grounding" in routine work denied to the latter. Many of our ablest administrators have risen from the ranks, but it is not self-evident that the training received in the ranks contributed to any extent to their administrative ability.

20. Notwithstanding the entry of women into the professions and the cry for equality of opportunity and so on, this demand of local government for a different class of official for purely routine work has led to the employment of girls for that grade of work. The reason for this is that certain classes of work cannot command a high remuneration and that, therefore, it is not fair to employ youths thereon, inasmuch as they are offered little scope and they may not be able to reach a salary which will enable them to support a wife and family. On the other hand, the local government service is not at all an unfavourable field for girls, from the point of view of marriage, but, even if that happy state is not reached, the salary offered for the sort of work we have in mind would be sufficient to enable a woman (unencumbered by husband and children) to live in comparative comfort.

21. This relegation of women and girls to routine duties does not exclude the possibility of their promotion to higher posts. The educational qualifications of both boys and girls, on entry into the service, are, at present, roughly the same, and the reasons given for suggesting that the routine work might be done by girls appear to us to be sound and practical. At the same time, the display of special talent by a woman would be bound to secure recognition, but in the present state of public opinion as expressed on local councils, it is doubtful whether we are within measurable distance of seeing a woman appointed as town clerk, treasurer, surveyor, or even medical officer of health to any large local authority. The latter office appears to offer more chances for women candidates than the others, and it is interesting to note that it is the

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one office in which "whole life" local government service is impossible. The number of town clerks, treasurers and surveyors who were in the municipal service at the age of 18-20 and have continued in the service is a good proportion of the whole, but a medical officer must enter the service after he or she has finished the usual course of education and training. It is also interesting to inquire as to the reasons why so many women, as compared with men, enter the public medical service. It may be found in the fact that the remuneration offered is not high enough to attract the best men or even sufficient men in a profession which offers a fairly high monetary reward outside. We understand, moreover, that the relative pecuniary advantages offered by public service and private practice are reversed so far as women are concerned, and that this state of affairs is due not to any lack of ability on the part of women practitioners, but probably to the inherent conservatism of the patients. The result is, therefore, that the public medical service offers far more attractions to a woman doctor than to a man. Somewhat the same position is found in the legal, accountancy and engineering professions, except that the rewards in private practice are of a more precarious nature than are those of the medical profession and, as already mentioned, the number of women candidates is negligible. It may be observed that, among the minor offices of a local authority, the librarianship is likely to be filled by a woman in many instances, owing entirely to the lack of male entrants into the profession.

22. The growing recognition of the fact that public administration is a distinct science or art may ultimately produce a class of trained administrators who do not necessarily possess "departmental" knowledge. Mr. E. D. Simon, in *A City Council from Within*, questions the necessity of having a medical man at the head of the Public Health Department—where administrative experience is more necessary than medical knowledge. The appointment of a lawyer as town clerk has been proved to be unnecessary. Several lay town clerks have shown themselves to be very capable men. When one comes to the Education Department, one is aghast at the common suggestion that the Director (as the head of that department is called) should have been a teacher. No worse training could, in our opinion, be recommended for the administration of a department with such diverse activities. A barrister, an accountant or even an architect would be better fitted for the post than a teacher. The day for the abolition of departmental tests for chief officials has, however, not arrived and it is probable that during the remainder of our lifetime, at any rate, the present professional qualifications for such offices will be insisted upon.

23. The case for promotion boards in the local government service has not yet been established. Between current thought on this subject and, say, the thesis of Dr. Herman Finer on the recruitment of local

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officials, read at the Summer Conference in 1928, there is such a gulf fixed as to render impossible any immediate reconciliation. It is probably only in the London County Council that departments are not small enough for the head of a department, with the help of reports from and conferences with his sectional heads and from his own personal observations, to assess the abilities and talents of each member of his staff.

24. The usual procedure is for all promotions up to and under the rank of sectional chief assistant to be made by the committee on the advice of the head of the department. That advice is never ignored, so that, to all intents and purposes, the promotion might be said to be in the hands of the Departmental Head. If the promotion, or change, does not carry with it any immediate increase in pay, it would not go to the committee—the principle of obtaining committee sanction being, of course, based on the sound rule that proposals to spend money or to appoint staff must be approved by the elected representatives.

25. English methods are also a long way removed from the method of fixing increments in the United States described by Mr. Arthur Collins in a recent number of the *Municipal Journal*. Various marks are apparently awarded during the year for (1) Interest in work ; (2) Application ; (3) Ability to learn ; (4) Confidence ; (5) Accuracy ; (6) Speed ; (7) Reliability ; (8) Initiative ; (9) Judgment ; (10) Conduct ; (11) Politeness ; and (12) Personality. The salary increment is based on the percentage of marks gained on the whole and the system avoids the deadening influence of the salary scale, on the one hand, and the irritating effect of the spasmodic increases of salary sometimes given, not to the competent, but to the importunate.

26. The nearest approach to an Appointments Board is the appointment of a Salaries, Wages and Employment Committee whose function is to secure, so far as possible, uniformity throughout the departments of a local authority in regard to the salaries, wages and general conditions of employment for similar classes of employees. Such a committee also reviews annually all salaries and wages in all departments and considers, solely from the point of view of equity of treatment, all proposals for promotion and new appointments made by other committees. On the whole, the working of such a committee is beneficial and many anomalies which would certainly otherwise exist, through the independent action of the several committees, are avoided. In addition to these ordinary functions, the Salaries, Wages and Employment Committee would be the medium through which any association of employees would approach the local authority if, in the opinion of such an association, any anomaly or injustice as regards salary ought to be corrected.

27. The question as to whether staff committees or organizations can usefully co-operate in the selection of candidates for promotion in

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local government has never, so far as we are aware, been seriously discussed. We have no doubt as to the ability of a committee of existing chief officers to express an opinion, for example, on the fitness of a deputy chief for a vacancy at the head of his particular department. Generally, however, such an opinion would accord with that of the council and there is, therefore, not much point in seeking the advice of the chief officials sitting *ad hoc*.

28. In the case of the appointment of officers from other areas the process is to invite applications, the invitation generally asking that applications should be accompanied by testimonials. A more useless document than a testimonial it would be difficult to conceive. The better plan is to ask for the names of referees who will give information if necessary. Much perjury would be saved thereby. For a head position, the applications are usually referred to a sub-committee who select a short list of about four or six. Occasionally, one finds a short list extending to ten, but that fact alone often indicates to the selected candidates that they must beware of a certain amount of obtuseness in their prospective employers. The short list is interviewed either by the same sub-committee or by the main committee itself, and some advantage is gained by a visit to the local authority from which the applicants hail in order (1) to see the sort of departments in which they serve, and (2) to gain some idea of local opinion. This phase of the art of selection is, in our opinion, apt to be overdone, since it brings into the question too many factors extraneous to the ability and personality of the applicant. The presence or absence of hospitality at the places visited, the charm or otherwise of the people interviewed, even the weather on the day of the visit and the conditions of travelling, have caused the selection committee to be weighed unconsciously in favour of or against candidates where other and more important considerations should have been considered with a mind unbiased by such influences. The final selection having been made, it is subject to the confirmation of the council unless the power of appointment has been delegated. Even where the power is not delegated, one would think that the council would accept the recommendation of the committee which has gone into the matter in detail, but, on occasion, the council comes to a different decision—probably in favour of a local applicant. The council, in such a case, is not necessarily wrong. Where the mistake arises is in not enforcing that opinion at the outset, as soon as the vacancy occurs.

29. The points which weigh in a written application are academic and professional qualifications, length, variety and suitability of experience, age of candidate, and form and lay-out of the application. On interview, the important points are demeanour, appearance, and ability to answer successfully the questions put. The questions put are *de omnibus rebus et quibusdam aliis*. A candidate for a town clerkship

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was asked : " Have you ever been drunk ? " It is difficult in such a crisis to decide whether to give a negative or an affirmative answer.

30. In the case of lower appointments than the head of the department, the applications are usually sifted by the chief himself, while the power of interview and recommendation is delegated to him either alone or in consultation with the chairman and vice-chairman of committee. Obviously, however, the appointment rests largely with the chief himself.

31. Summarizing the answer to the title of this paper from the foregoing discursive and illustrative remarks, we submit the following :—

- (a) The first essential of an efficient promotion system is the careful recruitment of the staff.
- (b) The development of local government points to there being in the future two classes of entrants, viz. (1) those who, in the absence of promotion, are destined to remain on routine work, and (2) those who will enter the service from the universities with the object of filling the administrative posts.
- (c) At the present, the training of the junior staff should include periodical changes of duties both within sections and from section to section. This is called promotion without increase of remuneration, and results in the better selection of staff for real promotion when vacancies occur.
- (d) For routine work, where a suitable candidate for promotion does not exist on the departmental staff, an opportunity should be given to capable men of the staffs of other departments to apply for the vacancy before outside applications are invited.
- (e) Junior members of the staff should be encouraged to seek promotion in the service of other local authorities. Similarly, considerable benefit accrues to a department from the occasional appointment of a qualified official from another area.
- (f) Although the promotion of an official from junior to the head of his department is always to be regarded as praiseworthy, the strength of local government lies in the competitive system under which officials move from place to place.
- (g) There is little scope for theoretical methods of promotion in the local government service. Owing mainly to the openly competitive system, the choice of officials may in practice safely be left to heads of departments, committees and councils, according to circumstances.
- (h) The present tendency is to employ women and girls on routine work. With the exception of the health and library services, there are extremely few instances where women are at present aspiring to the higher posts in local government.

Training and Examinations of Municipal Officials in Prussia

By DR. O. MULERT¹

President of the German Association of Towns

[Paper submitted to the Winter Conference of the Institution of Public Administration, Birmingham, March, 1929]

IN his article on "Examinations for Local Officials," in Vol. VI, No. 3, of *Public Administration*, Herman Finer has mentioned that the Prussian Städtetag (the union of all Prussian large and middle-sized towns) has issued general regulations with regard to the training of municipal officials. It will no doubt interest English readers to learn some further details regarding this matter.

The reasons which induced the Städtetag to give its special attention to the training of municipal officials are to be found chiefly in the rapid growth in the volume, complexity and importance of the powers and duties of the towns since the war, and in the increasing complication of the legislation which deals with municipal administration. Only with the help of officials who have received a thorough and many-sided training, it was felt, could the towns fulfil their duties as required by law and the interest of their citizens.

From these points of view it seemed further to be urgently desired that the training of officials (that is to say, of officials of the so-called Middle Administrative Service)² should be made, as far as possible, uniform for all towns. Up to the year 1926 the training was very differently regulated in the various Prussian towns. Many towns had introduced local regulations for examinations, whereas in others no sort of examination of officials was required. The abolition of these differences was especially desirable for the officials, since by means of a uniform training, the transfer of an official from the administrative service of one town

¹ Translated by J. Montagu Harris, O.B.E. (Ministry of Health). Footnotes added by Dr. Herman Finer, London School of Economics.—Editor.

² By Middle Administrative Service (*Mittlere Beamten*) is meant that grade of the service which corresponds roughly to the Executive and Higher Clerical Class in the British Civil Service. The general German classification of officials, central and local, is into Higher (equivalent to British Administrative Grade), Middle, and Lower (lower clerical, stenographers, copyists, manipulative).—H. F.

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to that of another would be rendered easier. For all these reasons the Prussian StädteTag, in the year 1926, decided to set up general "principles for the training of communal officials who possessed no academic qualifications," and to recommend the adoption of those principles to the constituent towns. At the same time the StädteTag recommended to the provincial unions of towns the establishment of schools for administrative officials, and laid down in detail principles for the organization of these schools. These principles included :

- (1) Basis for the training of communal officials ;
- (2) Regulations for the school ;
- (3) Regulations for the examination ;
- (4) A uniform curriculum for communal schools for administrative officials ;
- (5) Basis for the training of Savings Bank officials ;
- (6) A curriculum for a course for Savings Bank and communal officials (Savings Bank School).

In accordance with these principles, towns may adopt either a one-stage career (*Einheitslaufbahn*) or a two-stage career (*Doppellaufbahn*).¹

(a) *The One-Stage Career.*

In those towns which have adopted the system of the "one-stage career" the intention is to provide training and education of probationers up to a uniform standard qualification irrespective of what their preliminary education may have been when they entered the service of the town. The normal preliminary education would be a good Obersekunda certificate of a higher school (equivalent to a good upper fifth-form certificate). In the case of women a good leaving certificate of a Girls' School (usually attained at about sixteen years of age) would be accepted as the equivalent.²

Specially suitable pupils from elementary schools are also admitted to the course for officials.

The period of training usually covers four years. In the first three years a candidate is practically instructed in the more important branches of the Service. During the last year he must attend a scholastic, theoretical training course in an administrative school.³

¹ These terms, *Einheitslaufbahn* and *Doppellaufbahn*, should be rendered Single Career and Dual Career, or *One-Stage Career* and *Two-Stage Career*. I prefer the latter, the italicized, translation. It will be seen to correspond most closely with the substance of the distinction. This distinction is one already familiar to students of the history of the British Civil Service. By Single Stage is meant that the candidate enters the service after a single test and then the upper branches of the service are attainable by promotion. By Two-Stage is meant that the service can be entered at a Lower and Higher Stage, promotion or entrance into the Higher being reserved to those who have passed a Higher Stage examination.—H. F.

² These certificates are taken as the basis for entry to Federal, State and Municipal Services alike.—H. F.

³ That is to say at an age between fifteen and seventeen one enters the Service on a probationary footing. The probationership falls into two parts, the practical work in the

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In the case of candidates holding the certificate of a nine-class higher educational establishment, the course of training may be shortened to two years, in the case of those with a sixth-form certificate (Primareife) to three years, and in the case of pupils from an elementary school it will be extended by two years.¹

At the end of the period of training the first examination, which is partly written and partly oral, takes place. For the written examination the following are required :

- (1) A paper on a subject bearing on general State and administrative affairs ;
- (2) A paper dealing with Budget and Accounts, including administrative accounts ;
- (3) Three papers on the other subjects taken in the course.

The candidate must also be able to write shorthand at 120 syllables to the minute.

After passing the first examination the candidate is placed as an official according as a suitable post may be available.² An official must serve at least three years and at most five in the practical administrative service before he can apply to take up a continuation course. The period of three years is reduced to two years for candidates or officials who have passed the first administrative examination as at least "good."³

Continuation courses are also to be set up in the administrative schools. The instruction takes place contemporaneously with the service, and

office, and then the final year, when either full or part-time courses are taken at the administrative schools. In Berlin the preparatory theoretical course consists of 206 lectures in the following subjects : Municipal services ; office procedure ; constitutional and administrative law ; local government law ; civil law ; the judiciary and civil procedure ; labour and civil service law ; social legislation ; welfare policy ; public finance ; budget ; accountancy.—H. F.

¹ The period of probationership and preparatory training is varied within definite limits according to the educational qualifications of the entrant. In towns of any considerable size it is unusual to find juniors or probationers taken direct from the elementary schools. In the more rural districts, however, the standard of entry for juniors is lower. One of the aims of this scheme is to bring those who enter the service in rural districts up to the same standard as those who enter in in the larger towns, before regarding them as qualified for promotion to administrative work.—H. F.

² Only then, after this examination, is the entrant an established civil or local government servant, with the guarantees of pay and pension, etc., given by the State. The junior or probationer who fails to pass the examination at the first attempt is allowed one more try : if unsuccessful a second time only two courses are open—either to leave the service or continue in a very junior capacity without hope of promotion.—H. F.

³ Suppose, then, that the entrant came into the service at the age of sixteen and spent a normal four years until his first administrative examination, he becomes an established official at the age of twenty. His opportunities of promotion will now depend upon (a) his capacity as shown in actual affairs ; and (b) the success of a continuation course. He cannot begin this in the most favourable circumstances until he is twenty-two, and may have to wait until he is twenty-five. This course lasts a year, and is taken part-time, while the official is engaged in his municipal work. Thus normally between twenty-three and twenty-six the official gets the opportunity of promotion by seniority and merit shown in affairs—promotion within the Intermediate Grade and into the Upper Grade. Is this too long a period of dependence upon academic qualifications ? I do not believe it is too long, especially as practical and theoretical training go together.—H. F.

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usually lasts one year, at the end of which the second administrative examination is taken. This examination also consists of a written and an oral part. For the written examination the following are required :

- (1) A thesis on a subject bearing on general State or administrative affairs, or on economics ;
- (2) Three practical theses on subjects dealing with special administrative affairs, Budget and Accounts including administrative accounts, or the law so far as these apply to the practical administrative service.

In addition, a comprehensive paper may be set to be worked at home. The passing of this examination gives a right to a post as Higher Secretary (Obersekretär) or one of similar standing. A post as Higher Secretary is the normal outlet for the fully trained official of the middle grade. From such a post promotion into the higher ranks of the service is possible. This depends upon the proved capacity of the individual official.

(b) Two-Stage Career.

The two-stage career, on the other hand, provides for the separate training of officials according to the difficulty and importance of the official duties required of them, the requirements as to preliminary education being graded correspondingly.

The object of the course is to train officials either for the simpler administrative service or for the higher (more difficult) administrative service.

In the case of candidates for the simpler administrative service, evidence of a good elementary school education is sufficient. Candidates can, after a training period of not less than seven years but not before the completion of the twenty-second year of age, take up the technical examination for the simpler service. The examination should prove that the candidate possesses sufficient practical and theoretical knowledge for this service. Whether the examination is taken as an examination for promotion before appointment as Secretary, or at an earlier stage before the first appointment, can be decided according to local requirements. Where a scholastic training is required, its successful conclusion may take the place of the special technical examination.

The minimum requirement for the higher administrative service is, as in the case of the single course, evidence of a good Obersekunda certificate or of a good leaving certificate of a lyceum for women, or an equivalent preliminary education. Candidates who have had less preliminary education may take the training course for the higher service only if they have previously taken the examination prescribed for the simpler service, and have shown themselves fully efficient in the practical service.

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Candidates for the higher service must, if they have had a normal preliminary education, undergo at least four years' training, in which the technical school course and examination are so arranged that a result may be expected equivalent to the second administrative examination of the one-stage career man.¹ It is also possible for a suitable candidate to be transferred from the simpler service. In such a case, the transfer takes place after passing the examination for the simpler service, and while engaged in practical work in the higher service, the official will attend the technical school course established for the normally educated candidates.

There is in principle only one examination (that for the higher secretaryship). The candidate can be admitted to it only if he—

- (1) Having had a normal preliminary education has spent at least four years in preparatory service, and during this period has attended the corresponding course of the administrative school with success;
- (2) Having been transferred from the simpler service has passed through the technical school course for candidates for the higher service with success.

The carrying into effect of these principles is still very different in the various Prussian provinces. The majority of schools for administrative officials are established according to these principles, whereas a number of other schools have not yet adopted them.

The Prussian Städtestag has therefore considered it desirable to set up a special Committee, whose function it is to inspect the individual schools for administrative officials, and if they are in accordance with the principles to give them formal recognition.²

This recognition will naturally take some time. As soon as it is completed the towns will be recommended to agree to the principle that the passing of an examination in the school for administrative officials of one province shall be recognized by the communes in the other provinces. This would in practice mean a free movement of those candidates for official posts who have passed an examination, and a substantial advance as against the existing state of things, in which it is by no means unusual

¹ It is interesting to observe that in Berlin, where the Two-Stage Career has been operative for some years, the number of hours of academic training is 288, that is almost the same as the number of hours normally required for a diploma in Public Administration of the University of London when taken as an internal student—i.e. 240 hours, or two University sessions of three terms each.—H. F.

² It has been found that where administrative authorities have relied upon examinations conducted entirely by the schools and upon testimonials given by school teachers the anxiety of the teachers not to injure the prospects of their pupils has caused their qualities to be over-valued. Hence the importance of an external standard of competence. More and more in recent years has the importance of an examination been emphasized: as the only feasible way of judging relative ability on a large scale, and the only way of doing justice between competing candidates who come from different localities.—H. F.

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that on the appointment of an official to a post in a different town the passing of a new examination is required.

In order to avoid any incorrect impressions as to present circumstances it is finally to be remarked that even now there are still a number of towns, especially larger towns, whose officials obtain their theoretical training, not through special schools for officials, but through systematic courses which the towns have themselves set up for their officials. In this case the instruction is mainly in the hands of the leading officials of the town. The general tendency, however, is in the direction of a unification of the principles of training as they have been set out above. In the period since the war, free high schools, which are in close connection with the State and the towns and usually bear the name "Administrative Academy," have especially concerned themselves with the further education of officials of the middle grade.¹

In the States other than Prussia conditions are substantially different. In South Germany, and especially in Bavaria and Würtemberg, the training of communal officials of the middle grade is governed by State regulations, and is carried out in common with that for the State officials.

The training of the higher communal officials, whether legal or technical, is in all German States the same as that for those who enter the State service. At certain universities and other establishments for higher education provision is made for lectures on communal political matters, and for visiting the institutions of the communal authorities. For further education there are lectures arranged by special organizations which, owing to the careful choice of the lecturers and of the subjects dealt with, have proved of great value.

¹ "Administrative Academies" (*Verwaltungskademien*), see "Some Notes on the German Municipal Civil Service."—H. F.

Some Notes on the German Municipal Civil Service

By HERMAN FINER, D.Sc. Econ.

London School of Economics

I HAVE been asked to supply some notes on the municipal civil service in Germany. The intention is to provide a setting in which the proposals made by the German Association of Towns,¹ and explained by Dr. Mulert in the preceding article, would gain their full significance to English readers. I do this not because I believe that the German proposals can be applied *en bloc* to this country, or because German experience is of much more value than that of other countries, but because there are definite proposals evolved as the result of experience and they offer a valuable point of departure. The British solution must be fitted to British conditions, and foreign examples can only be a point of vantage from which we can the better obtain an instructed, because comparative, view of our own situation.

A number of footnotes have already been appended to Dr. Mulert's article, making clearer some obscure points. But that article can only attain its full value if the general spirit and organization of German local government are known. I deal principally with Prussia.

I

There is little difference between English and German local government in the scope of their services. They serve much the same social purposes. Both operate in a civilization dependent for its livelihood upon a highly complex economic system. Each equally has been affected by the development of a humanitarian notion of social justice, a strong revulsion from *laissez-faire*, and the discoveries in transport and bacteriology which have revolutionized our ideas of locality and State interference. If anything, the German idea of local government is more interventionist, more creative, than the English, for while in England governmental *laissez-faire* had at least a generation of effectiveness in the early nineteenth century, in Germany the *polizei* (that is, the positive

¹ See p. 153. Article by D. O. Mulert (President of the German Association of Towns).

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administrative) powers of the State suffered no more than a slight and transient depression from individualist ideas. German experience of the municipal civil service based upon the need for specially trained, expert officials, cannot be rejected as irrelevant to English conditions. The needs are *now* similar ; the immediate *future* of municipal administration in this country quite obviously demands in a greater measure even than at present a deliberately trained and effectively selected body of administrators. Therefore the proposals of the German Towns point in a desirable direction. They consist of a scheme which is to be *uniformly* operative in all towns ; and that scheme contains directions for *training* and *selection*, *promotion* and *after-training*. What are the characteristics of German local government which have made this scheme feasible, and are such elements present in English local government ?

II

The traditions are widely diverse ; not so much owing to differences in human nature, often erroneously ascribed to something called Race, but to the accidents of history. Among those traditions, peculiar to Germany, are (a) the strong influence of the central government over the local authorities ; (b) the demand for efficiency in the local service ; (c) the assimilation of the conditions and appointment, pay, and discipline of local and central government officials ; and (d) the insistence upon after-training.

(a) *The Influence of the Central Authority.*—This is important because it has accustomed local authorities to decisions respecting their own areas to be taken by an *outside* authority, and these decisions are fairly *uniform* for all areas. For over a century and a half the strongly prevailing tendency in Prussian government has been centralization, and it is only after great effort that this has been relaxed during the last century. In England the reverse development occurred. The central authority was obliged, after mighty battles with local interests, to overlay the independence of local areas with its own statutes, regulations, and inspection. The result is that in England, although the central authority has won important victories, especially of recent years, there is still a vast residuum of local power and local desire for liberty. The local authorities have still to be persuaded that it will be for the best common welfare if they are asked to submit to rules made by an outside authority, which, to those authorities, becomes an impersonal force. In Germany the notion of central power exerted by common impersonal rules is prior historically and more pervasively effective politically than in England. Hence there is not so much opposition to schemes which are to have a common operation over all authorities. In England the difficulty in making a proper management for teaching and selecting local officials lies in the con-

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tinuous and inveterate insistence by each local body, however small, upon its own personal choice of its officials. Any such arrangement, therefore, must have regard to this difference of tradition and organization.

Germany is not only accustomed to strict central regulation of local affairs, but its local government system is *hierarchical*. Every local authority is subject to some form of control, financial, inspectorial, and ratifying, by the authority immediately above it. Again, then, the subjection of each local authority to an outside standard, one interpreted by the immediately superior body, is a vital part of German experience. The idea that the local bodies are integral parts of the State is very strong. But in England all local authorities move freely in their own orbit of legal permission, unrestrained by the larger local bodies.

It is easier, therefore, to obtain *uniform* action in Germany, and common obedience to an agreed and external standard of appointment. Indeed, part of the supervisory power of the State is the right to give or withhold assent to the chief administrative positions in the local service, and though the power is now more rarely used than previously it exists legally in all its original plenitude. Of that, more later.

(b) *Efficiency in the Local Service.*—There is very little patronage in the recruitment of local officials in Germany. Although there is a diversity of qualifications, and these vary in value from authority to authority, the principle was established over a century and a half ago—long before the oft-cited reforms of Stein—that patronage should cease to be *personal*, and that *impersonal* standards of efficiency should underlie local appointments. Quite definitely the principle was adopted, long before it was possible in England, of a paid, trained professional civil service. This service is not only a profession, but a social class, on the whole honoured in society and drawing from it some of its best minds and characters. When such a class has existed in a country for over 150 years and has co-operated in its building up and eventful history, and has struck roots deep in all classes and the centres of learning, it exercises a powerful psychological effect upon the rest of the people. They are pre-disposed to trust it, ready to follow its directions, and become the foes of mean expedients productive of inefficiency. It has been possible in the British Civil Service to secure a body of expert officials with little of that bureaucratic temper and demeanour which frightens those who otherwise acquiesce in the necessity of such a service. There need not be any fear that the surrender of local patronage will cause the production of bureaucrats. For bureaucracy can be avoided by a proper training and democratic control. But one thing is certain, a desirable level of local efficiency, which we all have at heart, cannot be obtained without local acquiescence in an impersonal standard of choice. Nor, if local bodies are loyal to the wider humanity of efficient choice, should they deplore, as I have heard them deplore, that a common rule of selection is "inhuman."

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It is inhuman only to the patron, the dispenser of jobs. Macaulay was cold-shouldered by his club, White's, because he dared to say that the country would be better off if patronage ceased and the Civil Service recruited by open competition. The cronies at White's Club considered Macaulay "inhuman." So have all objectors to social abuses been considered "inhuman," but the question is, which humanity are we to serve, that which makes for occasional individual satisfaction, or that which serves the community? The German Civil Service, local as well as central, has long ago successfully passed this stage of self-abnegation, certainly to the common good. It is this abnegation that English local authorities would have to be resolved upon did they desire a method of selecting their officials appropriate to modern municipal tasks.

One word of warning ought here to be uttered. It is the long-standing practice in almost all German official posts, in private industry as in the public services, to require a rather long academic training. In the last quarter of a century this practice has been seriously challenged on the grounds that though the mind is made fuller by training too long a period in leading-strings under the command of academic authorities, who profess from books, takes from the mind a desirable resilience and diminishes its resourcefulness. There is much in this view, and we must not err in too long deferring the time when a young man or woman begins to take personal responsibility for plans and deeds. But we must not err in the other direction and imagine that one learns to swim in the municipal affairs merely by being pushed into them. I have added a note to Dr. Mulert's article emphasizing the length of study to which a local civil servant must apply himself, and here repeat that six or seven years at least of *study and probationership* must elapse before he is a definitely established civil servant.

(c) *Assimilation of State and Local Officials.*—Local officials are subject to norms laid down by the central authority in three important respects. Firstly, the general code of official discipline which has a detailed statutory basis applies to local as well as central officials. The details are, of course, broad enough to give ample room for day-by-day discretion of the local authority in their application. But in the case of dismissals and heavy fines appeals by the officials are possible to the executive committee of the next higher local authority, and in Prussia there is the possibility of a final appeal to the Supreme Administrative Court (*ObERVERWALTINGSGERICHT*). All this is acquiesced in, and is considered just, by the local authorities and officials. There is thus a general uniformity of the status of the official in various places, and this uniformity has two results: it offers a security against differential arbitrariness in various localities, it subjects the local authority to certain external standards of justice.

Secondly, the pay for the various grades of local civil servants is uniformly regulated by the central authority; and the conditions of

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retirement, pension, and widows' and orphans' pensions are similarly controlled. On the one side there are rules against too low, on the other side against too high salaries. Pay-grades in the local service bear the same designation as those of the central civil service, and the entrance qualifications to these are in both cases the same. This makes transference of an official from one authority to another easier than where different gradings and salary scales obtain. And transference between the central and the local service is facilitated.

The desire to create a homogeneous local government officialdom, in which transference is easy and a life-long career made the more possible, especially commends to the German Association of Towns the plan of a uniform regulation of conditions of recruitment and promotion. These would, of course, be partly easily fitted into the salary-gradings now existent or hereafter determined upon, and these also are easily assimilated to the salary-groups of the central civil service, thus making comparison and transference easier. It is even suggested that arrangements could be made to train the entrants by rotating them among three or four authorities in their probationary years.

Thirdly, the local civil service has always been and is now permeated in the higher administrative posts by those trained for the State civil service. The probationers for the State civil service serve two years' practical apprenticeship with the local authorities (as *Regierungsreferendar*) before taking their final administrative examination. The leading technical officials of the various local authorities have necessarily their State-appointed examinations. But besides this the chief administrative officials of the larger areas as, for example, the *Regierungspräsident*, *Bürgermeister*, the *Landrat*, are appointed or ratified by the State, while the deputy of these chief officials and the immediate assistants¹ (equivalent to the British Civil Service's "Administrative Grade") must have passed the State Civil Service examination.

III

Thus the whole of the German system makes a uniform plan of recruitment not an over-strange proposal. But the Germans have also added to the possibility of a uniform scheme by organizing "Administrative Academies" (*Verwaltungssakademien*), which are already used for the continued education of civil servants, local and central, and for the preparatory training of local civil servants. A short description of this movement is important. Schools for administrative training began before the war. In 1909 the First Prussian Officials School was established at

¹ Usually those who have prepared for the State Civil Service but have preferred to enter the higher ranks of the local service, and are promoted, in the course of time, to headship of the administration under the *Bürgermeister*, etc.

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Aschersleben to give youngsters from the elementary schools a two or three years' course of education, partly general and partly administrative, before they were accepted as probationers by local authorities. In 1910 a School of Administration was set up in Düsseldorf, but to teach those who were already probationers in the service. These experiments were tried by the Union of Municipal Officials. The second—the continuation—type was more successful and overcame the earlier type and has been widely extended. The Prussian Association of Towns was a little perturbed by this movement, as the towns *feared* a unified system of education would cause them to lose liberty in making local appointments. Thus the work done until the war was sporadic and not well systematized. But after the war a great advance was made in the substantiality of the education given by the number of teaching entries. A new energy in the officials' associations replaced the schools of municipal administration by administrative academies for central as well as local officials. These are principally continuation courses for officials of the middle ranks and have State and local recognition. They are established and administered by joint boards of local authorities, university teachers, officials' associations and students' representatives, and centre upon a university. Their revenue is derived from the Reich, the States, the municipalities, and students' fees. Diplomas are obtainable after a three-years' course, and there is a special diploma for municipal officials at Berlin, Königsberg, and other places. The courses are very much on the lines of the University of London Diploma in Public Administration, and for municipal studies there are added to the ordinary university teachers men with municipal experience and with the ability to teach. There are academies in Berlin, Breslau, Dresden, Düsseldorf, Hanover, Hamburg, Königsberg, Leipzig, München, Münster, Weimar, and administrative courses at Brunswick, Chemnitz, Frankfurt-on-Main, Halle, Magdeburg. I know from practical experience how zealous and numerous are the teachers and students.

The development of the Schools of Municipal Administration as at Cologne, for example, and then of the academies, caused the Prussian Ministry of the Interior to suggest a uniform regulation of official education. And such a plan was worked out by the Prussian Association of Towns, the Imperial Association of Towns, the Union of Municipal Officials and representatives of other local authorities. This is the plan described by Dr. Mulert.

It will be seen that the feasibility of such a plan depends upon the existence of a number of teaching centres. If such a plan of training and selection of municipal officials were adopted in this country it would be necessary to provide proper instruction in Administration, and were that done I feel certain that other people besides municipal officials might benefit therefrom, and municipal creativeness be much promoted. So much time, energy, and other human resources can be saved and

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turned to alternative purposes when science teaches us how to avoid waste !

IV

All these things must, therefore, be borne in mind in reading the proposals of the German towns. There are many factors urging them and making it convenient for them to adopt a plan to which all should submit. But of capital importance among those factors is the *will to competence*. And these proposals are not substitutes for a condition of unlicensed patronage, such as exists in most English local authorities to-day, but simply an improvement on an already high level of administrative efficiency.

One final point. In Germany as well as in England the difficulty of recruiting on the basis of high qualifications has been found not so much in the large authorities where one can find a life career, and therefore be prepared to equip oneself to fill it, but among the smaller authorities where the positions are low-grade and few. A uniform plan adopted by all tends to make the whole of the municipal service one, makes it possible for the people in small authorities to be appointed in the expectation that they can find transference and promotion to the highest places in however large a city their preparation and talents may be good enough to take them.

Some Financial Aspects of the Reconstruction of Local Government

By C. D. JOHNSON

Comptroller of the London County Council

[*Paper read at a Meeting of the Institute of Public Administration on 21st February, 1929*]

THE proposals of the Government embodied in the Local Government Bill, now before Parliament, are threefold in character. In the Memorandum issued by the Ministry of Health in June last in which the proposals were first outlined—a Memorandum known and read all over the country by those concerned in, or interested in, local government, which has come to be familiarly known as "the White Paper" (Cmd. 3134)—it is stated at the outset that "the first element in the Government's plan is the relief to productive industry." Bound up with this first element are the other two elements. The second is a far-reaching measure of Local Government reform which includes the abolition of Boards of Guardians and other poor-law authorities and the transfer of their functions to the county councils and councils of county boroughs. The third is a reform in the system of Exchequer grants towards expenditure of rating authorities on local services. Either one of the three might well be regarded as a first-class measure of reform, but they are closely interrelated and each forms part of one comprehensive scheme.

I have been asked to deal to-night with the financial aspects of these changes and there is so much ground to cover that I must endeavour to keep within the limits suggested by the title of my lecture—one, I may say, not of my own choosing but put up to me by our excellent friend the Hon. Secretary of the Programme Committee. My chief difficulty is to know what to deal with and what to leave out.

I expect that some of my audience know quite as much about this business as I do, but no doubt there are many others who have but an imperfect knowledge of the meaning and implications of the oft-used word "derating" and of the other parts of this great scheme (for great it is, whatever contending political parties may say about it). I am glad to think that here we are in a strictly non-political atmosphere. It is

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absolutely in a non-partisan spirit that I lay before you what I have to say. My conception of what you wish me to do to-night is to make this rather involved and complicated business on the financial side a little clearer—to help you to understand what the financial scheme really is, how it is to function, and what it is likely to achieve, and, incidentally, not to be too technical. Let us then begin at the beginning.

Relief to Productive Industry—De-rating, etc.

"The first element in the Government's plan is the relief to productive industry." This relief is to be obtained in two ways. First, by "de-rating," i.e. by excusing hereditaments which are used for those industrial purposes which it is the object of the scheme to relieve from the payment of local rates which they now pay. Agricultural lands and agricultural buildings are now assessed at one-quarter value only, agriculture having already been relieved, in two stages—one in 1896 and the other in 1923—to the extent of 75 per cent. In future, agricultural properties are to be entirely exempt from local rates. Then, industrial hereditaments and freight transport hereditaments are to be rated at one-fourth of their net annual value. The relief thus afforded to freight transport hereditaments is to be wholly passed on by reductions in freight charges on certain selected classes of goods.

The other way in which relief is to be obtained is as follows. One of the effects of the transfer of poor-law functions to county councils will be to spread the charge falling on rates over a wider area. In London, for example, there will be a uniform charge over the whole county of London, instead of charges varying with each of the twenty-five separate areas under the existing boards of guardians. A large measure of equalization of the rate for poor-law purposes is already effected in London (through the "Metropolitan Common Poor Fund" administered by the Ministry of Health), but even after this measure of equalization the rates vary in the current year from 2s. 6d. in Gray's Inn (which is not in any poor-law union but contributes to the Common Poor Fund) and 2s. 8½d. in the City of London to 10s. 7½d. in Poplar. If the total sum required were raised by an equal rate over the whole county that rate would be in 1928-29 about 3s. 5d. in the pound. Now the highest poor rates occur generally in the poorest boroughs, and are the result chiefly of heavy unemployment. The spreading of the burden over a wider area will tend to reduce the rates in many industrial areas. It happens that in the case of the transfer of poor-law functions to county boroughs, there will sometimes be a narrowing of the area of charge and special provisions have been introduced to meet such cases.

Another change which will have a similar effect as regards widening the area of charge is to be made in regard to the cost of the upkeep of roads. Road transport has been revolutionized in recent years, with the

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result that the cost of upkeep has become a very serious burden, which falls unequally on the various highway authorities, notwithstanding the large sums which have been available from the Road Fund. It is proposed therefore to make each county council in future responsible for all highways in rural districts and all classified roads (under Ministry of Transport formula) in urban districts and non-county boroughs. It should be observed that whereas the widening of the area of charge in the case of the poor-law services will tend to the advantage of urban areas the changes in regard to highways will tend to benefit the rural areas.

The proposed changes in regard to poor-law are based in part on financial grounds but largely also on administrative grounds. The changes will be far-reaching, but it is not our purpose to go into these changes to-night from the administration standpoint. The effect financially, both of these changes and of those concerning highways, will be, as we have seen, towards equalizing charges over wider areas, thus relieving areas where burdens now fall too heavily. Moreover, the administrative changes will no doubt be reflected in the cost. Not only may better results be expected from fuller co-ordination of services but substantial economies are confidently looked for; on the other hand, new developments must also be expected. The cost will still fall on the ratepayers, but with a different incidence.

Now let us consider the effect of "de-rating." The writing down of the value of industrial property by three-fourths and of agricultural property altogether will result in substantial relief to the ratepayers who are carrying on the industries concerned but will at the same time cause a big gap in the income of the rating authorities. The de-rating proposals were first adumbrated by the Chancellor of the Exchequer in his Budget for 1928-29, and he then promised that the losses of the rating authorities should be made up to them by the Exchequer and an extra fourpence per gallon duty on petrol was imposed to provide the greater part of the sum needed. The total loss from de-rating for the whole of England and Wales has been estimated by the Ministry of Health at £24,000,000.

New Exchequer Grant

When agriculture was relieved of part of its rates a new Exchequer grant was instituted to make up to each local authority the amount of its loss. In 1896 the loss was stereotyped at the amount of the estimated loss based on the rates of the year 1895-6, but the further losses under the Act of 1923 are made up each year to the amount of the loss actually incurred. The Government does not, however, propose to deal in the same way with the new losses from de-rating. What the Local Govern-

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ment Bill provides for is that this £24,000,000 (or whatever the losses may prove to be when calculated for the standard year, 1928-29) shall be pooled along with some £16,000,000 more, representing Exchequer grants now payable in aid of rates, and £5,000,000 of new money, and that the total of this pool shall be divided amongst the rating authorities on a basis of population weighted in accordance with certain factors in a formula, the aim being to mitigate the existing inequalities of rate burden and to "make the assistance vary with the need for local government services in any area in relation to the ability of the area to meet the cost." The sum of £16,000,000, like the £24,000,000 in respect of de-rating, is only an estimate, and the amount to be dealt with in the pool will be the total of the grants found to be actually payable in respect of the standard year and thereafter to be discontinued.

Before considering the basis of distribution of this pool, let us see what is the nature of the grants to be discontinued. They comprise:

	Approximate Amount.
(i) "Assigned Revenues" (proportion to be taken into account for this purpose)	£ 4,471,000
(ii) Grants to make good the losses to rates under the Agricultural Rates Acts	4,720,000
(iii) Grants in aid of certain health services calculated at a percentage of approved expenditure	3,881,000
(iv) Grants out of the Road Fund (in respect of maintenance of Class I. and Class II. roads in London and County Boroughs and unclassified roads in County districts)	2,790,000
	<hr/> 15,862,000
	say .. .
	16,000,000

The large Government grants which are made towards the expenditure of local authorities on Education and Police are to be continued on the existing basis. The grants for Housing which fall into a special category are also to be continued.

The "Assigned Revenues" originated under the Local Government Act, 1888, which established county councils throughout England and Wales and assigned certain revenues to the Local Taxation Account. The original scheme has been modified from time to time, generally to the detriment of the local authorities, and the system has been repeatedly criticized as out of date and inappropriate.

I quote here paragraph 16 of the White Paper (Cmd. 3134):

"The Government propose to widen materially the scope of the Exchequer grants to make up the deficiency due to de-rating. They have considered how the

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principles which, in their view, should regulate a proper system of Exchequer grants, can be applied so as to remedy the defects in the existing methods of payment :

- (i) The assigned revenues are related neither to the needs nor even to the expenditure of the Local Authorities ;
- (ii) The grants under the Agricultural Rates Acts again are not related to the need for public services, but only to expenditure ;
- (iii) and (iv) The percentage grants for health services, and the maintenance of roads, require close supervision by the Central Department of the work of the Local Authorities to whom they are paid. Moreover, as they are not related closely to needs but to expenditure, their effect is that those areas which are poorest, and can least afford to maintain an adequate standard, are just those which receive the least assistance from national funds.

It will be seen that the existing system is open to the strongest criticism. It is complicated by the payment of grants on varying bases. It requires detailed supervision of the services provided by Local Authorities on which direct grants are paid. At the same time it leaves the State with a liability under the Agricultural Rates Act, 1923, to pay its proportion of whatever the Local Authority chooses to spend.

In the Government's view a proper system should—

- (a) recognize that a fair contribution should be made from the Exchequer towards the cost of local services ;
- (b) ensure that Local Authorities have complete financial interest in their administration ;
- (c) be adapted in its working to the needs of the areas ;
- (d) permit the greatest freedom of local administration and initiative ;
- (e) provide for sufficient general control and advice from the Central Department to ensure a reasonable standard of performance ;

Accordingly, it is proposed to abolish as from 1st April, 1930, the existing Exchequer grants referred to . . . ”

One must pause here to say that local authorities generally have consistently contended for the continuance of percentage grants, i.e. grants related to expenditure. A very important change is indicated. The system has grown up around the idea that certain services, though administered locally by rating authorities, were of national importance and concern ; thus a sort of financial partnership evolved under which the Government, through the appropriate Department, instigated the local authorities to promote and develop the services with a promise to pay a stated percentage of the approved expenditure. The local authorities have been willing to entertain the idea of what are referred to as “ block ” grants, that is to say, grants of amounts fixed in advance for a period of years, but have pressed that, by whatever process the amounts of the grants were computed they should continue to bear a definite relation to the expenditure of the authority concerned. Under the present proposals the grants will cease to be related to particular services or to the expenditure of the individual authorities ; the amount

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to be received by each rating authority will be calculated on a formula designed to "make the assistance vary with the need for local government services in relation to the ability of the area to meet the cost."

The objections of the Government, as quoted above, to the old basis of grants must be admitted to have considerable force, and, speaking as a local government official, I venture to express the hope that the local authorities will be allowed to realize that "freedom of administration and initiative" which is indicated as being in the view of the Government so desirable.

The disadvantage of the block grant system is that careless or unenlightened authorities have no special inducement to advance, for example, those health services which are of such importance to the community generally. Doubts have been expressed whether the new system will sufficiently stimulate the more backward local authorities to undertake necessary developments. There is a power reserved to the Minister, in certain circumstances, to stop payment of grant; but apart from this, the only force to move a reluctant authority would appear to be pressure of public opinion. It should be emphasized that one of the principles underlying the scheme is that local authorities shall assume complete ultimate financial responsibility for all services, subject to the grants.

Formula for Distribution of New Grant

Now for the distribution formula. Its main basis is population. The Minister of Health, when introducing the Bill into the House of Commons, said "population is the main basis of the formula, but, of course, population is not itself the entire measure of the need. We have also to take into account the relative wealth and poverty of different districts; and so the next two factors are taken together—namely, rateable value per head and number of children under five. They are used to weight the population, to increase it in proportion as these two factors are taken into account." Two other factors come into operation in abnormal circumstances, one is abnormal unemployment and the other has relation to the sparsity of population in certain rural areas.

The formula is set out in Part III. of the Fourth Schedule to the Bill under the heading "Rules for determining weighted population." I append a copy as amended in Committee of the House of Commons.

The value of such a formula obviously depends not only upon the nature of the elements selected but also upon the weight given to each, and under both heads the Government formula has come in for a great deal of criticism. I think it is conceded that the formula is empirical rather than scientific. It is certainly ingenious, and I believe that those who are responsible for it claim that it at least has a scientific basis. One must admit that it is a much easier matter to pull a formula like this to

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pieces than to build one up, and it was a fair retort for the Government to make to its critics to ask them for an alternative. The Institute of Municipal Treasurers and Accountants, in close co-operation with the County Accountants Society, and working with the Associations representing the various classes of local authorities and with the expert assistance of Mr. Arthur Collins, Mr. F. J. Alban, and Messrs. R. Watson & Sons, set to work to see what could be done, but the job was too vast and too intricate for the time available. In the end, it was agreed between the Government and the local authorities that the Government scheme should be launched but that before the end of seven years there should be an investigation into the working of the formula and a clause has been added to the Bill providing for such an investigation by the Ministry of Health in consultation with the local authorities.

In the interests of simplicity, I have deferred mentioning that the position indicated above, namely the application of the formula to the distribution of the total new Exchequer Grant, is not to be realized at once, but by stages, so as to avoid too great a disturbance in local finance which would result if the changes were carried out in one step. It was at first proposed to spread the introduction over fifteen years by three steps of five years each and the period has now been extended to seventeen years, divided into periods of seven, five, and five years. In the first period each county and county borough is to have allocated to it (a) a sum equal to 75 per cent. of its total losses from de-rating and from the discontinued grants in the standard year, 1928-29; and (b) its formula share of what is left in the pool. For the second period, the 75 per cent. is to be reduced to 50 per cent., and for the third period to 25 per cent. After seventeen years the allocation will be entirely on the formula. This distribution is accompanied by a guarantee that no county or county borough shall receive less in any year than its actual loss from de-rating and discontinued grants as calculated on the standard year (subject to reduction in proportion to the weighted population) plus the amount of one shilling a head of its population. In the case of county boroughs, the minimum grant is to include such sum, if any, as is necessary to guarantee the borough against loss due to having to shoulder its own poor-law burden.

Now we come to another stage in the distribution of the grant. Within each county area there are many rating areas and the grant allocated to each county is only in part applied in relief of rates levied over the whole county. Out of the total grant allocated to a county there are to be deducted the amounts necessary to make grants to non-county boroughs, urban districts and rural districts within the county, and the county council will have only what is left. In the case of London, these grants are payable to the City Corporation and the Metropolitan borough councils. I am afraid we must not stop to go into the methods of making the subdivision; they vary considerably with the different classes of

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authorities and are not the same for the Metropolis and for counties other than London.

To illustrate the working of the scheme calculations were made by the Ministry of Health to show its estimated effect on the finances of the various local rating authorities. These calculations were based on the latest information available at the time, namely in respect of the financial year 1926-27. These estimates showed what amount each rating authority would gain or lose under all the proposals of the Bill and what the estimated poundage of rates would have been if the new scheme had been in force in the year 1926-27 as compared with the actual rate poundage for that year. Many very wide variations were shown by the Ministry's calculations and, in order to mitigate the hardships that would be involved, the Government proposed again to get over the difficulty by giving a guarantee against any loss in the first year, this special equalizing grant being, however, reduced by one-fifteenth each year. The Bill as now amended gives the full guarantee for five years, the reductions of one-fifteenth commencing in the sixth year; and, as has already been noted, within two years of that an investigation into the working of the whole formula will have taken place.

The guarantees, both those to the counties and county boroughs and those to the smaller rating authorities, require more money to be found, and the Government propose to give "additional" Exchequer grants sufficient to meet the whole of the first set of guarantees and "supplementary" Exchequer grants to meet half of the second set of guarantees; the other half is to be obtained in the case of each county by a temporary abatement of the grants payable to all those rating authorities whose rates are being reduced under the Bill. The "additional" and "supplementary" Exchequer grants were estimated, when the Bill was introduced, to require a sum of £2,330,000, but the extensions of the guarantees conceded during the passage of the Bill through Committee will involve some increase.

There still remains one part of the proposals to which I have not yet referred, namely the provision for revision of the Exchequer grants and for expansion to meet expanding expenditure by the local authorities. The Bill originally provided for quinquennial revisions. There has been a slight variation of the quinquennial periods at the outset. The first period is to be three years, by which time the 1931 Census figures of population will be available; then a period of four years, and afterwards periods of five years. It is understood that a quinquennial census is to be instituted. The figures of the total loss from de-rating and the amount of discontinued grants (estimated at £24,000,000 and £16,000,000 respectively) are to stand for all time at the sums which are to be arrived at, in due course, calculated on the year 1928-29, but the additional amount, corresponding with the £5,000,000 a year of new money at the commence-

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ment, is to be such as to maintain the same ratio as at the outset between the total General Exchequer Contribution and the total rate-borne expenditure. The amount is to be settled for each quinquennium on the figures of the fourth year of the previous quinquennium. In the quinquennial revision of the distribution of the grant, the new figures of population will be used and the various weighting factors will also be revised.

I do not think it is necessary to worry you with any further details of the scheme. It has been described as complicated, and by this time I expect you will be quite ready to endorse that description, but I hope that the method I have adopted in putting it before you has enabled you to follow step by step and so to get a fairly clear idea of what it all comes to. There are some incidental provisions which I have not, even now, touched upon, but for our present purpose they can be left.

In the time that remains I want to make a brief examination of some of the implications of this far-reaching financial scheme and to remark upon certain of the provisions.

Transfer of Burden from Rates to Taxes

In the first place, be it noted that there is a big change-over of burdens hitherto borne by ratepayers to the shoulders of the taxpayers. We have seen that the total moneys to be provided for the new Exchequer Contributions amount to about £47,500,000 :

					Millions.
To meet losses from de-rating	...	...	...	...	£24
To provide for discontinued grants	...	...	...	...	16
New money	...	...	...	...	5
" Additional " and " Supplementary " Grants (say)					2½
					<hr/>
					£47½

The second item relates to grants already being made by the Exchequer towards rates, but the remaining £31,500,000 represent a new contribution from taxes to rates. True, the amount to make good the losses from de-rating will not go into the pocket of the ratepayers generally but only into the pockets of selected classes of ratepayers, but it is urged that the rate burdens laid upon industry are much heavier than they ought to be and out of all proportion to the services required from the local authorities. In so far as this is so the other ratepayers ought now to be paying more, but instead of setting matters right by a redistribution of local burdens between classes of ratepayers (which would be a difficult proposition to carry through) the Government steps in and solves the difficulty by a new grant.

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It is interesting to see the extent to which the burdens of local expenditure are now shared by the National Exchequer. Figures given in the White Paper (Cmd. 3134) showed that in the year 1926-27 the Government grants amounted to £87,000,000 while the total of rates collected was £159,500,000. If the financial proposals now made had been in force in that year it would seem that rates would have been reduced by further grants to the extent of £31,500,000 and the result would have been as follows :

				Millions.
Grants	...	...	...	£118½ = 48 per cent.
Rates	...	...	...	£128 = 52 ,
Total	...	...	...	<hr/>£246½ = 100 per cent.

We have already noted that the grants in future are to be towards expenditure generally, not towards particular services, with the exception of the grants for education, police, and housing.

Some Effects of De-rating

This is not, I think, the place or the occasion to discuss the policy of de-rating or the particular methods of applying the principle. One aspect of it, which has caused a good deal of concern, is the effect which the de-rating of industrial property will have upon future rates. De-rating is not applied once for all, it is a continuing process. In the future, new properties provided for industrial purposes or existing properties which are converted to industrial uses, will have the benefit of de-rating, but the Government grant remains stabilized. On these new properties, or old properties converted, the local authority will lose 75 per cent. of the rating power which will have to be made up by the ratepayers of non-industrial property. To the extent to which the argument is sound that properties used for industry do not involve the same expense for local services, and to the extent to which the percentage adopted is a fair measure of the difference there is small ground for complaint, for it is a rectification of an injustice rather than the perpetration of a new injustice. I gather, however, that the Government take a broader view of the whole situation. They say the proposals must be considered as a whole, and particularly they point to their confident hope that, relieved of the too heavy burdens which have been laid upon it, industry will revive and if this hope is realized the whole community will benefit.

Again, critics of the measure point out that the growing expenditure of local authorities will fall to be met by rates raised upon a reduced rateable value, so that a rate of, say, a penny in the pound will produce less—in some cases very much less—than at the present time. The answer to this seems to be first that at the quinquennial revision of

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Exchequer grants expanding expenditure in the country as a whole will attract a proportionately increased total Exchequer grant. Any particular local authority's share of the increase may not be commensurate with that authority's increase in expenditure, and in any case the increase comes only once in five years and follows some time after the increase in expenditure ; but so far as it goes, there it is. As regards the delay in matching the grant to the expenditure, the Government point to the new money which is being included in the initial new Exchequer grant as being *inter alia* in anticipation of growth during the first grant period. The real answer of the Government to these criticisms, however, seems to be again that too narrow a view must not be taken. From the scheme as a whole, including the reform of Poor Law administration, not only better results but economies are anticipated and what with these and the hoped for revival of industry, it is suggested that the fears of the local authorities will be dissipated. One feels inclined to add that if these hopes are not realized and recovery is not stimulated by the proposed measures, then this great scheme will be a ghastly failure.

Another curious result of the financial scheme, which also touches the rating question, may be mentioned here. The education service and the police service are outside the new grant scheme ; education grants and police grants will continue to be calculated as now. But the loss to local authorities by the restriction of their rating power and the reduction of the productivity of the rate as the result of the de-rating of certain properties contributing to the rates income is to be made up by grants which will be carried to the general rate account and will be dissociated from services. No part of the grant to make good the loss from de-rating will go to the education account or the police account and the rate in the pound both for education and police will go up. Please observe, I say, the rate in the pound, not the number of pounds to be raised. The grant for de-rating, in so far as it refers to the losses on the education and police accounts, cannot be carried to those accounts, for its identity in relation to any special account will be lost. We shall get, therefore, the somewhat anomalous position that the rate for police and for education will go up while the general rate will get the advantage of the whole of the new grant, part of which relates to losses on education and police accounts.

There has been much heart-burning amongst the local authorities at the refusal of the Government to make good the losses from de-rating as and where they occur. Time forbids that I should attempt to give fully the reasons advanced by the Government, but the chief ground seemed to be that a recasting of the financial relations between the Exchequer and the local authorities was of the essence of the present scheme under which Exchequer grants are to be based on the needs of the various local government areas, and that " the policy of the Government would be hopelessly compromised if so large a sum as that represented by the loss on de-rating

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were taken out of the new block grant." (Letter October 30, 1928, from the Ministry of Health to the Association of Municipal Corporations.) I think it is true to say that while local authorities recognize the force of this contention and have accepted the position, many of them are still by no means convinced of the justice of the Government's proposals so far as the scheme for making good the losses from de-rating is concerned.

Effect of Scheme in equalising Rate Burdens

Each local authority has naturally examined the scheme and been inclined to judge it from the standpoint of the effect upon its own rates. The guarantees by which the financial proposals are accompanied insure every rating authority against loss at the outset for five years, while county councils and county borough councils are secured not only against loss (subject to the weighted population being maintained) but an increase for all time of at least 1s. a head of the population as compared with the standard year. When I say secured against loss I mean that the new grants receivable are to make up the losses under the Bill, as calculated on the standard year, whether from de-rating or grants discontinued. Except for these guarantees, while the scheme would benefit a large number of authorities, there are many authorities who would not receive enough from the new grant to compensate them for their losses from de-rating and from the discontinued grants, and whose rates would therefore rise. This is what one might expect from a scheme designed to rectify inequalities and to help the poorer districts. The rates in certain highly rated areas will be substantially reduced, partly as the result of increased assistance from the National Exchequer but partly, also, by laying some of their burdens upon more fortunate areas. In other words, this scheme in one of its aspects is an equalization of rates scheme on a large scale.

Generally speaking, I do not think the richer areas have made any complaint against the principle of having laid upon them a reasonable share of the burdens hitherto borne by their poorer neighbours. Their chief concern has been as to the justice and fairness of the means by which this result is to be brought about. And it has to be remembered that the counties and county boroughs have for many years been contending for larger Exchequer grants; they have therefore been disposed to judge the new proposals with this in mind. The local authorities as a whole still feel that their claims for additional grants have not been fully met.

Guarantees and Provision for Revision

The authorities, whether county councils, county borough councils, or councils of the lesser areas, were all concerned to inquire how their rates would be affected by the scheme, not only at its inception but also later when the formula for distribution of grant became fully effective, and

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those who found themselves faced with the probability of higher rates were inclined to be very critical. Opposition has, however, been met by the extension of the guarantees and the provision for an investigation into the working of the scheme before the expiration of the seventh year. In all the circumstances, this must be counted a very fair compromise. One of the great difficulties in appraising the scheme is that the changes are on so heroic a scale, so fundamental in character and so far-reaching that it is impossible to forecast the results. The promised investigation will be made with the scheme in actual working. It may well be that some of the results may be surprising, but they can only be ascertained experimentally.

In connection with the guarantees there is a point that should be mentioned. A guarantee against loss does not provide for a growing share of a growing pool. You will remember that the total Exchequer Contribution is to be such as will maintain the same ratio to the total rate-borne expenditure for the whole country as is found to exist at the commencement. It is understood that there are seven county councils out of a total of sixty-two and eleven county boroughs out of eighty-two who will have to rely on the guarantee against loss. It is expected that as time goes on, and circumstances change, and the total Exchequer Contribution grows, many of these will no longer need to depend on the guarantee, as the conditions will qualify them to rank for expanding grants under the formula. In a few cases, however, the time when such conditions are likely to obtain are too far off to be of practical value. The County of London is one of these cases, and representations were made to the Government by the London County Council, and on behalf of the other authorities concerned, that it was an unsatisfactory state of things for the Government grant, although guaranteed, to be stereotyped so that no increase in the grant would arise no matter how much the local services might expand. It was suggested that the formula failed to meet a case like London (I think I may say that it was common ground between the Ministry of Health and the London County Council that no formula suitable for the country generally was likely also to fit the peculiar circumstances of London), and the request was made that the grant as guaranteed should be allowed to increase at each quinquennial revision by the appropriate share of any increase in the total Exchequer Contribution for the whole country. In the end, the Government increased the guarantee by making the 1s. a head increase permanent instead of being for five years only and by providing an alternative. The wording of this is so choice that I cannot refrain from quoting it. It runs as follows :

" a sum equivalent to one-third of the excess of the county apportionment for the period in question over what would have been the county apportionment for the period in question had the General Exchequer Contribution for that period been the same as the General Exchequer Contribution for the first fixed grant period."

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What this amounts to is substantially one-third of what was asked for. Its importance is that it does make some provision for expansion in the limited number of exceptional cases ; and there is always the covering guarantee.

Conclusion

There are so many points that one might discuss on this great scheme of reform but I must content myself with one more. There is a tendency in some quarters to judge the financial proposals merely by the effect on the rates that is expected to result. An increase or a decrease in rates of so much in the pound is no criterion, for such a judgment starts from the assumption that present rates in any particular case are what they ought to be. The starting point of this reform scheme is that they are *not* what they ought to be, and it is rather by a comparison of the resulting rates, area by area, that the success or failure of any equalization scheme must be tested.

I am conscious of the fact that there is much more that might be said without going outside the limits indicated in the title to my paper. There are many points to which I have not referred, such as :

- the question of including in the benefits of de-rating the prosperous industries ;
- whether the benefits of de-rating will not, sooner or later, be collared in many cases by the landlord ;
- whether necessitous areas will get sufficient relief under the Government scheme ;
- the position of authorities who are committed to the development of services with the approval of the Government Department concerned but where, as the expenditure has not been incurred, there is as yet no grant ;
- the proposals in regard to loans which have been raised in certain localities where the distress has been great to enable the guardians to meet current liabilities ;
- the different treatment of the grants for roads in London and the county boroughs and the grants for roads in rural districts, and the indications given of the future policy to be followed in regard to the Road Fund ;

nor have I said anything about the application of the scheme to Scotland. I feel, however, that my paper is already sufficiently long.

This scheme is one in which there has been great co-operation of effort between representatives of the Government and representatives of the local authorities. The attitude of the latter has naturally tended to be critical, but I think all who are in a position to form an opinion will agree that on both sides there has been in evidence throughout the

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proceedings, and in all the negotiations, a spirit of goodwill, the desire to be helpful and a readiness to appreciate the point of view of the other side. It is by such co-operation (which it is one of the aims of this Institute to foster and assist) that the best results for the community are likely to be secured.

APPENDIX

RULES FOR DETERMINING WEIGHTED POPULATION

1. The estimated population of the county or county borough in the appropriate year shall be increased—

- (i) if the estimated number of children under five years of age per thousand of the estimated population exceeds fifty, by the percentage represented by the proportion which that excess bears to fifty;
- (ii) if, according to the valuation lists in force on the appropriate date, the rateable value per head of the estimated population of the county or county borough is less than ten pounds, by the percentage represented by the proportion which the deficiency bears to ten pounds.

2. There shall be estimated and certified the average numbers during the three calendar years immediately preceding the beginning of each fixed grant period of unemployed insured men and of unemployed insured women resident in each county and county borough, and there shall be ascertained the percentage represented by the proportion which the number of unemployed insured men increased by 10 per cent. of the number of unemployed insured women bears to the average estimated population of the county or county borough for those three years, and if as respects any county or county borough that percentage exceeds one and a half, the estimated population of the county or county borough in the appropriate year as increased in accordance with Rule 1 contained in this part of this schedule shall be further increased by a percentage equal to the amount of such excess multiplied by the appropriate multiple.

3. There shall be ascertained and certified the number of miles of road in every county other than the county of London, and the estimated population of every such county as increased in accordance with Rule 1 contained in this Part of this schedule shall be further increased—

- (a) in the case of a county in which the estimated population per mile of roads is in the appropriate year less than one hundred, by the percentage represented by the proportion which the difference between two hundred and the estimated population per mile of roads bears to two hundred; and
- (b) in the case of a county in which the estimated population per mile of roads is in the appropriate year one hundred or more, by the percentage represented by the proportion which fifty bears to the estimated population per mile of roads.

4. The estimated population of the county or county borough as increased in accordance with the provisions of the foregoing rules contained in this Part of this Schedule shall be the weighted population of the county or county borough.

5. For the purposes of this Part of this Schedule :—

“The appropriate date” shall, as respects the first fixed grant period, be the first day of October, nineteen hundred and twenty-nine, and as respects every other fixed grant period, the first, or in London the sixth, day of April in the last year of the preceding fixed grant period :

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"The appropriate multiple" shall, as respects the first and second fixed grant periods, be ten, and as respects any subsequent fixed grant period be a number ascertained in the following manner:—

(i) The ratio which the total amount of the General Exchequer Contribution in the fixed grant period in question bears to the part thereof distributed in that fixed grant period under paragraph (b) of sub-section (4) of section eighty-two of this Act shall be ascertained:

(ii) The ratio which the total amount of the General Exchequer Contribution in the first fixed grant period bears to the part thereof distributed in that fixed grant period under the said paragraph shall be ascertained:

(iii) the required number shall be such number as bears to ten the same proportion as the ratio ascertained under paragraph (i) of this rule bears to the ratio ascertained under paragraph (ii) thereof.

Mainly about the King's English

By SIR ERNEST GOWERS, K.C.B., K.B.E.

[*Paper read before the Institute of Public Administration at Birmingham on 13th February, 1929*]

DURING the quarter of a century that I have spent in the Civil Service, I have watched with interest a change coming over the attitude of the public towards us. Superficially, perhaps, there is not much difference. Criticism and jest at our expense were the fashion then just as they are to-day. But a note of bitterness—sometimes indeed of venom—has crept into the benevolent, if contemptuous, tolerance of those days. Why is this? Is it our fault or are we the victims of circumstances?

Twenty-five years ago the pre-examination view of the Civil Service still lingered. The idea had not yet passed away that it provided comfortable berths for the privileged. People laughed at us, but they bore us no malice, because we did them no harm—or perhaps I should say did not try to do them any good, which no doubt, in their view, would be the same thing. They were little inspected; they were lightly taxed. The laughter was a tolerant laughter, tinged with envy of the peaceful life of the ornamental gentlemen of whom the service was supposed to consist. All that is changed now. Too many people saw the insides of Government Departments during the war to permit of the illusion continuing that Civil Servants are ornamental or that they lead an idle life. Too much social legislation has been passed by all parties during the past twenty-five years to permit of the ordinary citizen continuing to look on the ordinary civil servant with an aloof benevolence. In one respect the attitude of the public is unchanged. They have always loved, and still love to flatter their own intelligence by catching us out in apparent stupidities—sometimes, no doubt, in real ones. That is only human nature. As Bagehot pointed out sixty years ago in words that are equally true to-day:

“ These bits of administrative scandal amuse the public. . . . They please the vanity of mankind. . . . We think as we read—‘ Thank God I am not as that man. I did not send green coffee to the Crimea. . . . I make money; this miserable public functionary only wastes money.’ . . . As for the defence of the department, no one cares for it or reads it. . . . All the pretty reading is unfavourable and all the praise is very dull.”

But the chief count in the indictment against us nowadays is not that

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of stupidity or that of idleness ; on the contrary we are often accused of being too clever and habitually of being too active. The gravamen of the charges falls under three heads. It is said : first, that we thirst for power over our fellow-men and lose no opportunity of sapping the freedom of the public by extending the tentacles of bureaucracy ; secondly, that in our administration we are unimaginative, rigid, cumbrous, and inelastic ; and thirdly, that we revel in jargon and obscurity.

I have described this paper as being mainly about the third of these, but I should like to touch lightly on the first. It marks the essential difference between the public attitude twenty-five years ago and to-day, and it is a very live and important question. It formed the subject of an interesting debate in the House of Commons only a fortnight ago. "This is an age," said an Ex-Cabinet Minister in the course of that debate, "when the bureaucracy are constantly grasping more and more power, becoming more and more dictatorial. . . . In this clause we are . . . enabling them . . . to do what they will when they will, provided there is a Minister in charge docile enough to do what they wish."

I should, in passing, call your attention to an interesting feature of almost all criticisms of this sort. Ministers are not included ; on the contrary they are generally specifically excluded, and sympathy is expressed for them as unwilling tools of those who are supposed to serve them.

It is, of course, undeniable that the powers of the bureaucracy—to use a convenient, if question-begging expression—have increased enormously of recent years. But the idea that this originates from a thirst for control on the part of the bureaucrats themselves is one of the most curious illusions of modern times. It was not from the bureaucrats that the inspiration came for the social legislation that has produced this result. For all these measures the inspiration came from politicians, who wanted them for political purposes—that is to say, of course, because they thought that it was for the good of the country. As to some of them it is no secret that the advice of the permanent officials was unfavourable ; for instance, it stands on record, I regret to say, that shortly before the Budget of 1909 my distinguished predecessor of those days recorded his view that a graduated super-tax was quite unworkable. And I have little doubt that, if one could look behind the scenes one would find that most of these statutes had been forced upon unwilling permanent officials, who asked for nothing better than a quiet life. But to the permanent official was left the job of making the experiments work. And that is why I was careful just now to use the word "originate." The truth is that the permanent official, entrusted with these extraordinarily difficult administrative problems, has a natural and proper desire to omit no precaution that would give him a chance of making a job of it. His credit is at stake. He knows that it is impossible to foresee everything in advance and provide for it in an Act of Parliament ; his task is a hopeless one unless

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he can get a certain measure of elasticity to deal with the unforeseeable. Hence "Henry VIII" clauses and similar constitutional abominations.

There is, therefore, to this extent an element of truth in the popular impression that permanent officials are responsible for extending the power of the executive at the expense of the legislature and the judiciary. It arises, however, not from a desire for power for its own sake, but from anxiety to make a success of tasks that have been imposed upon them. We have not sought greatness ; we have had greatness thrust upon us. We ask for these powers not to destroy the will of Parliament but to fulfil it. It is an inevitable result of the recent development of social legislation, which is itself an inevitable result of the extension of the franchise. It cannot be denied that what is happening is something in the nature of a constitutional revolution. But to fight against it as a thing in itself is to attack the symptoms and to ignore their cause.

Much might be said on this burning topic, but it is not my main subject and I must leave it there. I propose to pass even more lightly over the second of the three counts of the indictment against the Civil Service that I have attributed to the public—the accusation that we are prone to those faults that have come to be symbolized by red tape. That is a threadbare subject. Every one knows that there is a certain amount of truth in it ; most people know that a tendency in this direction follows necessarily from the theory of ministerial responsibility. Anyway, we no longer use red tape ; perhaps that is significant of a change of heart. The tape is now the white of a blameless life ; unless, indeed, in my department, its symbolism would be more appropriately connected with the popular notion that we bleed the public white.

The accusation on which I wish to concentrate is the alleged shortcomings in our method of expressing ourselves. The topic is a favourite one with the Press just now ; and the Department over which I have the honour to preside is held up to obloquy as the prime offender.

A few months ago a journalist whose business it is to write some columns of gossip every day in an evening newspaper was moved to deliver himself as follows on the subject of the Local Government Bill.

"It is written in that abominable civil service jargon, which is as stiff, heavy, lumbering and ungraceful as a wheelbarrow being pushed through sodden clay. For this last defect, indeed, the Government are not to be condemned. It would be a Herculean task to teach the Civil Service to write its own language creditably."

This picturesque denunciation suffers from confusion of thought : it mixes up two things that are really quite distinct ; that arise, as I shall show, from diametrically opposite causes. One is the criticism that the ordinary civil servant, in his ordinary communications to the public, is prone to be obscure, verbose, and stilted, using words to cloak his meaning rather than to convey it, seeking ever the abstract rather than the concrete, the nerveless word rather than the nervous, the periphrasis rather than the

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direct statement. The other is the criticism that in the specialized art of drafting Acts of Parliament, Regulations, and similar documents, subject to judicial interpretation, the Civil Servant sets out to trick Parliament by couching them in language that is unintelligible to the ordinary person. Having persuaded a simple Minister and the House of Commons to take what he has given to them, he then works his wicked will on a long-suffering public ; especially on a long-suffering taxpayer, for this charge is focussed on my Department. Or even if the charge is not put so high as this, it is said that the legislation prepared by the Department is in fact unintelligible, so that powers which ought to vest in Parliament, and do still vest in them *de jure*, are *de facto* being acquired by permanent officials. For instance, a Conservative Member of Parliament, speaking on the Finance Bill of 1926, said :

" It is a matter of universal complaint . . . that the enactments with regard to the Collection of Income Tax and Super-tax are drafted in such a way as to be almost completely unintelligible to the people who have to pay the taxes. I want to protest against being governed in an alien language. . . . There is a wide suspicion in the country that the revenue authorities purposely keep these Acts in an unintelligible form because they realize very large sums indeed in excess of what they are strictly entitled to realize."

I shall have something to say later about the English of Acts of Parliament. Meantime let us examine for a moment the criticism that is made of the ordinary English of the Civil Service.

The type of English that we are wont to use in writing to one another and to the public is almost invariably scrupulously accurate in grammar and syntax ; and in this we can claim superiority over the commercial world. There is no danger of our being caught out in false concords or split infinitives. It is significant that the Civil Service proved to be the profession of a man I once met who made it a hobby to search for split infinitives in advertisements, notices, and other productions of the commercial world, and, whenever he found one, to write a letter of expostulation to the author. He got a good deal of amusement out of it, but, on the whole, I think his zeal was misplaced. There are worse things, in English prose, even than split infinitives, and something more is needed for the writing of good English than the avoidance of turns of phrase condemned by popular convention ; and although our best—as for instance, to take a recent example, the Report of the Committee of Enquiry into the Franks case—is a model of what good English should be, the ordinary run of our pronouncements gives some colour to the popular criticism.

The peculiarities of our method of expression seem to me to arise partly from a leaning towards the " grand " style, and partly from that caution which plays so large a part in the training of the official. The first is easily explicable. The outstanding feature of all British Govern-

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ment institutions is the tenacity with which they cling to old forms, however changed the substance ; and the " grand " style of to-day is the plain style of the past, become " grand " on account of the tinge of archaism that it has acquired. When Bedford, Warden of the Marches, writes a friendly letter to Cecil in reply to complaints about the capriciousness of Elizabeth, this is how he expresses himself. " They that serve," he says, " must be directed always, though oftentimes it be to their great grief to put in execution all that they be commanded." This admonition, I may observe in passing, is not less applicable to the relationships between permanent officials and ministers at the present time than it was to the relationship between Cecil and Elizabeth. But my reason for quoting it was not to point out its eternal truth, but to illustrate the style that was the natural outflow of the Elizabethan mind—the plain style of the ordinary educated Englishman of the day.

Just as the imposing nomenclature of Government institutions and offices changes little, so our style preserves a touch of the old dignity. Thus even to-day, the Secretary to the Treasury writing to the Under-Secretary of State for the Colonies will open his letter by saying that he is " directed by the Lords Commissioners of His Majesty's Treasury to acquaint you, for the information of Mr. Secretary Amery, that . . ." It does not matter that the Lords Commissioners of His Majesty, so far from having given any such directions, know nothing at all about the subject, and, indeed seldom if ever act in a corporate capacity at all. It does not matter that the use of the verb " acquaint " with this construction is obsolete. It does not matter that the expression " for the information of " is never met with outside this form of literature. It does not matter that " Mr. Secretary Amery " is an archaic designation, and, anyway, it is quite likely that no one is going to give him any information at all about the letter. The form of opening is a survival from the time when it was ordinary language, and can no more be lightly abandoned than the Speaker's Mace or the Lord Chancellor's Woolsack or the stately opening words of every Act of Parliament. After such a beginning, the writer of the letter cannot be blamed if he feels that he has a certain dignity to maintain in the rest of the letter, even to the length of using those capital " T's " which remind us of the fact that the Lords Commissioners of the Treasury still share with the Deity not only mystery of essence, but also the unique privilege of a capital letter to the personal pronoun.

Appearances have to be kept up, and they count for a great deal in the British Constitution. Besides, how else are we to begin our official letters ? We cannot start " Please tell Mr. Amery " for that would imply that we really wanted him to be told. We cannot plunge straight into the subject without any reference to our ministerial chiefs, for we cannot be expected to take a hand in undermining the theory that we do

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nothing of ourselves but everything as the agents of our political chiefs. Moreover, *vis à vis* the public, and the House of Commons, these resounding formulae convey an impression of deep seriousness ; more homely language might be thought to savour of an offhandedness that would be rightly resented. The questioner in the House of Commons who receives the answer "I regret that the information desired by the hon. member is not in my possession" feels that he has received a proper answer and refrains from asking a supplementary question. But if he were told in good terse English "I am sorry I don't know" he would think he was being treated with flippancy and would leap to his feet to ask whether it was not the business of the Minister to know. "I will give it my consideration" conjures up a picture of grave and prolonged cogitation which is not produced in the least by "I will think about it." "The operation is one of considerable magnitude" is more likely to placate as an excuse for delay, than "It is a big job." "The hon. member will no doubt appreciate that there are considerable practical difficulties that militate against effect being given to his suggestion" is much less provocative than "the hon. member must see that his suggestion will not work."

If we once abandon this style of official pronouncement, who knows where we shall stop ? We might end by finding the Clerk of the Parliaments signifying the Royal Assent to a Bill not by the time-honoured words "Le roy le veult," but with a cheerful "All right."

At any rate we have a better defence than the journalist, who is often just as bad an offender in this form of jargon. No one could say that this sort of stuff is pleasanter to read than good English. But the journalist can frame his style with the primary object of being readable : we are less happy ; we are cramped by our traditions and the necessity for maintaining the dignity, and smoothing the difficulties of the Minister as whose mouthpiece we speak. We can never forget that we are not individuals but institutions.

Moreover, as I have said, we are impelled in the same direction by our inculcated caution. We servants of the King, obscure as we may be in our persons, carry on our activities

"In that fierce light that beats upon a throne
And blackens every blot."

There are plenty of people on the lookout for blots, and we naturally try to make as few as possible. "Safety first" is instinctively our motto ; definiteness is inevitable sometimes, but is a thing to be avoided if possible. It is safer to be evasive ; it leaves open a *locus pæniteniae*. This is very natural, and indeed is the logical consequence of our not being masters of our destinies. We can only speak for our ministers. If we speak we commit our ministers, and when we are not sure of our minister's mind, or our minister is not sure of his own mind—both of which things

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sometimes happen—we are not disposed to speak loudly and clearly. This produces a habit of mind that is apt to lead us into absurdities ; to shunning words that mean something and taking refuge in words that mean nothing ; to being frightened, for instance, of plain and straightforward adjectives such as "great" and "small," and falling back on "appreciable" and "inappreciable" or "considerable" and "inconsiderable." The same habit of mind may produce a liking for the adjectival phrase ; a statement that "most civil servants are cautious" will become, under this influence, the statement that "in the majority of instances civil servants are of a cautious disposition." But it may be our natural modesty rather than our acquired caution that leads us to avoid saying plainly that "we think so and so," and contenting ourselves with "venturing to think" or "inclining to the opinion" ; or even being "unable to conceal from ourselves"—a phrase that always raises in my mind a painful picture of an unsuccessful struggle in self-deception.

But our lot is, of course, a hard one. The commercial community protects itself against the danger of being held to its written word by putting the symbols E. & O. E. at the bottom of its letters ; the legal profession by putting "without prejudice" at the top. No such easy devices are available to us ; if we want to leave the door open to being able to affirm that we meant something different from what we said we can only do it by using a phrase that is capable of more than one meaning—or one that has no meaning at all. Nor indeed is our profession unique in this respect. "Mistiness is the mother of safety," said Cardinal Newman. "Your safe man in the Church of England is he who steers his course between the Scylla of 'Aye' and the Charybdis of 'No' along the channel of 'no meaning.'" I have met civil servants who have given similar advice to their subordinates. But it is becoming old-fashioned nowadays. Modern conditions are unfavourable to evasiveness. The increase in the scope of the executive is displacing the "safety first" habit of mind. Those of us who—like the Revenue Departments—have a definite job of work to do in a definite time have to say what we mean, and take the consequences, or we should never get through with it.

So much for what our critics like to call "civil service jargon." But any one who complains that Acts of Parliament are written in "civil service jargon" is talking nonsense. I do not quarrel with the word jargon, for I suppose it is legitimate to use that word to describe any style of English that differs from literary English ; and Acts of Parliament are certainly not written in literary English. But, if it is jargon, it is not the civil service variety ; it is the legal variety. It is, in all essentials, the same language as will be found in all legal documents which govern the relationships between private individuals—contracts, wills, settlements, conveyances, and the like. Why should these things have a

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language to themselves? The answer is clear. They all have this common factor; that the written word is binding on those affected by it and that they have no voice in its interpretation. What they have written they have written; it is no use for them to say that they meant something different; they are bound in the last resort by the view of the Court as to the proper meaning of the words they have used. This is the secret of this style. If any one is to be held irrevocably to meaning what he says, he must be very careful to say what he means. These documents are couched in cumbrous and difficult language because it is of paramount importance to leave as little doubt as possible as to their intention.

This sounds paradoxical, but it is in fact perfectly natural. Literary English is generally concerned primarily to convey an idea readily to the reader; whether it is conveyed with exact precision or not is of less importance. It is not the first object of legal language to convey its meaning readily; if it can do so, so much the better, but its chief concern must be to convey its meaning exactly. It must eschew graces and short cuts, be chary of pronouns and have no fear of repetitions or even of identifying them by "aforesaid." All who have ever tried as amateurs to draft legal documents will have had the same experience; first they produce something that sounds all right, but they realize on reading it through that it is not watertight; there will be many things that might be interpreted in a different sense from that which was meant. By the time these holes have been stopped, what was English will have become jargon. The process is quite inevitable. It would be as reasonable to ask your solicitor to draft your will in blank verse as to expect an Act of Parliament to read like a leading article. Of course there is good drafting and bad drafting, and all the difference in the world between them, but the difference lies not so much in the readiness with which they convey some meaning as in the precision with which they convey the meaning that they intend.

The fact is that words alone are often an inadequate medium for expressing complicated concepts with exactness. Scientists found this out long ago, and invoked the aid of mathematics. I was reading the other day an article in the *Times* by Professor Eddington, the distinguished physicist who is out to destroy our faith in electrons. I was interested to learn from him that there is what he calls "a reality underneath the electron" which physicists, because they cannot describe it in words, light-heartedly call "psi." That is a very easy way out. If the parliamentary draftsman were allowed to draw on the Greek alphabet for symbols representing the various concepts with which his bill deals, and put them in a vocabulary at the end, he could make his text as simple and straightforward as the Ten Commandments, and probably a great deal easier to live up to. We may come to that; the grants formula of

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the Local Government Bill is a promising beginning. But I do not think that the House of Commons is yet ripe for the full logical application of the principle ; in the meantime the draftsman must do his best with the inadequate medium of words ; and the public must be content with Mr. Edgar Wallace for their light literature and not seek it in Acts of Parliament.

Those of you who are familiar with Mr. A. P. Herbert's *Misleading Cases* will remember the episode of Mr. Haddock and his income tax return form ; how Mr. Haddock found that the form called his attention to a certain section of the Finance Act, 1926 ; how, after reading the first fifty words of this section he laughed heartily ; how he then began again and read the whole passage through from start to finish six or seven times, first silently, then aloud, and finally singing to a chant in B minor ; how after these exhaustive experiments the words still conveyed no meaning to his mind whatever ; and how ultimately he came to the conclusion that the thing was a practical joke, and entered into the spirit of it by putting "nil" in every blank space of his return except the last, in which he put "absolutely nil." He was prosecuted for making a false return, but his defence was accepted as fully adequate, and he was acquitted.

I will not read this section to you, but I can assure you that, if I did, the sympathies of all of you who are not members of the Inland Revenue Department would be with Mr. Haddock. You would think the section particularly obscure and repulsive, even for a Finance Act. Yet if you put wet towels round your heads and really sat down to study it you would realize three things : first, that it has a very precise meaning ; secondly, that it confers a very important benefit on the taxpayer ; and thirdly, that—the use of mathematics being ruled out—it would be difficult to say what the section says with equal precision in any other way.

But it may well be said that, even assuming that profound study would reveal a clear meaning in every section of every Income Tax Act—which I regret to say is not true—it is a monstrous thing that the taxpayer should be subjected to this strain in order to find out his rights and duties. I agree, and have no answer, except the unsatisfactory one that in present circumstances it cannot be avoided.

Several causes combine to make Income Tax legislation peculiarly obscure and complicated. One is that the fundamental principles of the law are more than a hundred years old, and have never been remodelled, although the conditions of life to which they apply have in the meantime been completely revolutionized. The structure of our present law was built in 1842, eighty-seven years ago ; and even then much of it was taken from Pitt's Act of forty years earlier. All the changes that have been made since have been built, more or less haphazard, round that framework ; everything has been done by way of accretion rather than revision.

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It is not surprising in these circumstances that the structure is rickety and the law tangled and obscure ; the surprising thing is that it works as well as it does. It affords yet another example of the way in which the British spirit hates discarding old forms and the success with which it adapts them to new conditions, shutting its eyes to the divorce between form and substance.

As is well known, a distinguished committee is now tackling the duty of remedying this state of affairs by simplifying the Income Tax Acts. It is a colossal task. Much can no doubt be done ; certainly the need is great. But it would be idle to expect that the Income Tax law can ever be embodied in statutes in a simple form. For there are other reasons for its complexity besides the one that I have mentioned. One is that the conditions of the modern industrial world are themselves so complicated that no system of taxing income could ever possibly be both effective and equitable and at the same time simple. The other is that the British law is full of special provisions to meet exceptional cases in which the general principles of the tax work harshly, and their number is being increased year by year. This, perhaps, more than any other single cause, is what makes our law so complicated, and the taxpayer may take what comfort he can from the reflection.

This truth, like most other economic truths, has been summarized by Sir Josiah Stamp in words on which it would be difficult to improve.

"It may not be out of place at this point," he said, "to register a deliberate opinion that the clamour for a *simple* Income Tax, which he who runs may read, is an absurd one. In many particulars, not always the most important, the existing chaos of rules can indeed be greatly simplified, but, if the tax is to be so highly subjective as to reflect every slight difference in ability, on ground of aggregate amount of income, marital condition, family responsibility, character of income, elements of capital, origin and source of profits, and all the other differentiae that are now urged, then, unless it is to be reduced to the status of a voluntary offering, it must be a complicated system." And he added, "In 1915 I was prompted to write, 'There is the usual failure to see that modern life and modern commerce are so complex and so diversified that to expect a tax form which shall read like a pill advertisement on the railway, and yet close down upon every case, is asking for the moon.'"

I have, I hope, said enough to show that the obscurity of Finance Acts can readily be explained on reasonable grounds without falling back on the fanciful hypothesis that the Inland Revenue adopts it as a cloak for their designs upon the taxpayer. This hypothesis over-estimates our own zeal and under-estimates the intelligence of our ministers. But I do not think any one really believes it ; those who say it only do so to annoy, because they think it teases. We, however, recognizing that our old sheltered position is gone for ever, shall be content, if we are wise, to take criticism to heart only if we are conscious that there is some foundation for it, and shall not bother our heads about it if our conscience is clear.

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By THE RT. HONOURABLE SIR JOHN ANDERSON, G.C.B.

[*Paper read before the Sheffield Regional Group of the Institute on 16th November, 1928*]

I HAVE suspected for some time that you had some ulterior object in inviting me to come down here, but I did not know what it was until Sir William Hart spoke to-night. I did not know that I was going to be used as an instrument of propaganda. What I feared was that you had asked me to come here to see what disclosures you could obtain from the Home Office on a subject which, at the present moment, might be thought to be of rather a delicate nature—"The Police."

The subject was not of my choosing at all. I was told it was the subject of all subjects of which the Institute of Public Administration in Sheffield would like to hear something. Well, I am too old a bird to be caught in that manner, and if what I have to say is not sensational in any way, is not perhaps so complete as you might have expected, not perhaps so interesting in some respects as you might have expected, you must put these defects down to the traditional caution of the Civil Servant. Anyhow, I can tell you, I think, something which is worth knowing about that branch of the Public Service on which I am to talk—"The Police."

The beginnings of the English Police Organization as we know it to-day, date back only to the beginning of last century, but to understand the spirit of police administration, which is the important thing and which is the characteristically English thing, we must go very much farther back. If a foreigner were to ask me to indicate in a few words, the most fundamental features of the English police system, I would lay stress on two points; the first is, that the police service in this country—leaving out the special case of the Metropolitan Police—is a branch of local government, and English local government is the most democratic institution to be found anywhere in the world. That is the first and obvious point. The second point is not so obvious; it is this: the policeman is nobody's servant. He is not appointed merely as an agent for carrying out the will of a higher authority. He executes a public office under the Law, and it is the Law, with all the safeguards of personal liberty which it enshrines, which is the policeman's master. If he

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neglects his duty, and equally if he exceeds it, whether in the exercise of personal discretion or under instructions, the Law, as interpreted by the Courts, will hold him to account. To explain more clearly why I stress these features, allow me to trace very briefly the historical development of the police.

Although the organization has changed and is changing, the function of the policeman and his relationship to what we call the Government on the one hand and the public on the other, has remained, in essentials, the same. Sir James Stephen says—"A policeman may be described as a person expected to perform, as a matter of duty, acts which, if so minded, he might have done voluntarily." In other words, his duties embody merely the obligations of good citizenship, and there you have a very simple test that can be applied to-day to determine whether, in given circumstances, a policeman has failed in his duty or not. There you have the reason why a policeman, if he comports himself properly, should be regarded as a friend and not an enemy, and should have the support and confidence of all good citizens.

Now whence is our conception, the British conception, of the duties of citizenship derived? Its roots are deep in history.

In early Saxon times, the burden of public duties such as they were, and they included even then the preservation of the peace and the arrest and trial of criminals, fell upon the freemen individually and collectively. The community were responsible for the wrongdoer in their midst and every freeman had to take his part in maintaining the peace. One man, known as the Head Borough or tithing man, was usually chosen to act as the policeman, but he could always request the services of his neighbours in case of need. "That police organization," says Captain Melville Lee, who wrote a history of English police about twenty years ago, "that police organization is generally spoken of as the 'Frank-pledge' system, frank-pledge signifying the guarantee for peace maintenance demanded by the King from all free Englishmen, the essential properties of this responsibility being that it should be local and that it should be mutual. As we trace the history of the police in England, we shall see that these two qualities have survived through the successive stages of its evolution and seem to be inseparable from the national conception of police functions."

The policeman of to-day is the lineal descendant of the Head Borough of Saxon times. I am well aware that it has become rather a fashion nowadays to cast doubt upon the accounts of Saxon times to which the historians of an earlier generation pledged themselves. In this matter I am frankly old-fashioned. I do not doubt that recorded history owes a great deal to the imagination of historians. I am sure many details are and must remain obscure, but the suggestion that the Norman Conquest of England was so devastating and so complete that the pre-

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existing Saxon institutions must necessarily have been swept away is one which I simply cannot bring myself to accept. There are two ways in which a conqueror can deal with a vanquished race ; one is elimination, the other assimilation. The Saxons were a virile people and they were not eliminated. The process was one of assimilation. Indeed, if I were seeking for an illustration with which to refute the theories of certain modern historians, I think I should search long before I could find a better one than this very case of the police. We can imagine the sort of system the Normans, if they had had a clear field, would have devised. The police systems of the Latin countries to-day reflect clearly the militaristic ideas of ancient Rome. In the Scandinavian countries, on the other hand, we find a system much more nearly resembling our own. We know indeed well enough what the Normans tried to do. Through the Sheriffs (who were probably in origin popularly elected officers) the Normans endeavoured to use the police as an instrument of pressure and extortion. Perhaps through the accident that the encroachments of the Sheriffs became such as to threaten the Crown itself, but more probably, I think, because the people continued to assert their rights and would not be gainsaid, the attempt failed ; and under the Justices, who by the end of the fourteenth century had for practical purposes superseded the Sheriffs, the Parish Constables, as the men appointed to discharge police duty were then called, had returned to their former condition, if not in efficiency at any rate in powers and duties.

I have given some time to these matters of history because in the development of human institutions tradition far outweighs theory ; and the Saxon tradition of police responsibility as something not imposed by outside authority but local and mutual, has persisted, and to quote again the concluding words of Melville Lee, " seems to be inseparable from our national conception of police functions."

I have carried you up to the end of the fourteenth century. The development of modern police organization dates from the nineteenth century. The intervening four centuries need not take up much of our time. So far as the development of the art of government is concerned, the intervening period can be said to be one of almost complete sterility. In the particular case of the police, nothing seems to have happened except a progressive loss of efficiency. Constables discharged their duties by deputy, employing men of inferior stamp to whom they paid a few shillings a year. In the towns, the men employed as watchmen¹—originally citizens of good standing—were of an inferior type, and complaints of the insecurity of life and property were universal. Reformers began to put forward reasoned pleas for action. Prominent among these

¹ The system of watch and ward was established or rather regularized, for it was only an adaptation of the village police system, by the famous Statute of Manchester in 1285.

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were Henry Fielding, the novelist, and his half-brother, Sir John Fielding, who succeeded him as Magistrate at Bow Street.

Through their efforts the small force was established, under the control of the Magistrates, which became famous under the name of the Bow Street Runners. It consisted of under fifty men, but they were carefully chosen and well paid, receiving not less than 2s. 6d. a night, and were conspicuously successful for a time in putting down crime. This experiment led to others, and eventually in 1829, the Metropolitan Police were established by an Act of Parliament, the provisions of which remain substantially unchanged to-day. When the results of the establishment of a trained force began to show themselves, the example was quickly followed.

The ensuing developments were described by my predecessor, Sir Edward Troup, in an article that appeared in the *Police Journal* a few months ago, and I cannot do better than quote his words :

" Under the Municipal Corporations Act, 1835, Town Councils were empowered and required to provide Police Forces under the control of a Watch Committee, and in 1839 similar powers, without compulsion, were given in counties to the Justices in Quarter Sessions.

" Birmingham alone defied the statutory requirement and refused to establish a Police Force, and after the Chartist Meetings in 1839 and the Bull Ring Riots, Parliament had to pass an Act which empowered the Home Office to establish a police force in Birmingham under the command of a Commissioner appointed by the Secretary of State, the expense of the force to fall ultimately on local rates. The Act was limited to two years, and by the end of that time, the Town Council had made up its mind to appoint a Watch Committee and to take over the police force. Similar Acts were passed for Manchester and Bolton, but in their case only on account of some doubt as to the powers of the respective Councils.

" Apart from these exceptional instances of Government intervention, borough forces were at first wholly exempt from Home Office interference; in the counties the Home Secretary's approval was required only in a few definite matters. In a few years, however, it became obvious that local autonomy had been carried too far. Some counties failed to establish a police force. Town and county forces alike were isolated. They had no arrangements for mutual support and recognized no centre which could give general guidance and secure co-operation, and some of them were far from efficient.

" By an Act passed in 1856, the establishment of Police was made compulsory in all counties, and the first steps were taken to ensure a general standard of efficiency and to bring the forces into closer connection through the action of the Home Office. An Exchequer grant of one-fourth, later increased to one-half, of the cost of pay and clothing, was to be given to efficient forces, and Inspectors of Constabulary were appointed to test their efficiency. A strong incentive was thus given to improvement and the inspectors not only reported on numbers and discipline, the points on which the Exchequer grant depended, but became the eyes and ears of the Home Office and entered on the task of teaching the weaker forces the methods found to work well in the best ordered forces. This was the point reached in 1880. Since then many steps have been

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taken towards establishing the position in which county and borough forces, while remaining under local control, are now able to act to a great extent on uniform lines and almost as one organization.

"One step in this direction was the abolition of the smaller and least efficient borough forces. The effect of the refusal of the Exchequer grant was to induce them to amalgamate with the counties, and some thirty or forty were swept away by the Local Government Act of 1888. Another step was the introduction of an arrangement by which, in any criminal investigation, the smaller forces could obtain the assistance of skilled detective officers from Scotland Yard. Chiefly, however, progress was made by the issue of Circulars by the Home Office to the police about details of administration, about mutual co-operation, about demands for military aid, and generally about police duties, particularly the new duties frequently imposed on them by statute. This practice led up to the holding of conferences with representative Chief Constables or with representatives of local authorities, at which views were exchanged and those matters were brought to the notice of the Home Office on which the police sought authoritative guidance.

"The most important advances towards permanent unified organization came, however, at the end of the War. One was a large increase in the Exchequer grant to assist in the increase of pay given in September 1918, an increase which followed the unfortunate strike, but which would equally have been given had there been no strike. The grant was increased to the equivalent of half of the whole cost of the police and was accompanied by new conditions as to efficiency and administration. The other was the establishment by statute in 1919 of the Police Council, a body on which the Home Secretary meets representatives of the Police Authorities and of every rank of the police. The Home Secretary was empowered to make regulations after consultation with this body, regarding pay allowances, conditions of service and duties, and these regulations were given statutory force. This measure was adopted partly at the instance of the leading police authorities, who urged that the police rates of pay should be standardized by the Home Secretary in order to put an end to competitive recruiting, and partly because of the agitation among the lower ranks of the police who claimed that they should have a voice in the settlement of their pay and conditions of service. It has resulted in the Home Secretary enacting on the advice of the Council which was on most points unanimous, a comprehensive code dealing with the appointments, promotions, pay, and discipline, etc., of all police forces.

"The present position, therefore (outside the Metropolis, where the Home Office and the Commissioner are wholly responsible for the efficiency of the police and for their action), is that the Local Authority is responsible for efficiency, while the responsibility for the action of the police is shared by the Chief Constable and the Magistrates, but this is subject :

- "(1) to the Police Regulations of the Home Secretary which, based on a wide experience, secure a high degree of uniformity in conditions of service and in duties;
- "(2) to a supervision of administration by the Home Office exercised through its inspectors; and
- "(3) to constant advice and direction as to duties from the Home Office—not given on the personal views of the Home Secretary and his staff, but on the collected wisdom of police authorities, police officers, H.M. Inspectors, and the administrative officers of the department."

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Such then is the organization of the police as it exists to-day.

Let us now consider for a few moments, the relationship of the Chief Officer of Police to the Police Authority, which in the Metropolis is the Secretary of State, in counties—the Standing Joint Committee, and in boroughs—the Watch Committee. In the three cases there are substantial differences in the nature of the control exercised.

In London, the Commissioner of Police is subject to the general supervision of the Secretary of State, but in matters of discipline he is the sole authority. In counties, the Standing Joint Committee has complete financial control, but the executive work of the police is a matter for the Chief Constable alone, subject only to this important qualification, that the Standing Joint Committee is the disciplinary authority *vis-à-vis* the Chief Constable himself, and is, therefore, entitled and indeed bound to take action in any case of alleged failure of duty by the Chief Constable.

In boroughs, the Watch Committee has much wider powers. The Committee and not the Chief Constable is the disciplinary authority, and it is not only supreme in matters of finance but is empowered to regulate the management of the force. But even in a borough there are definite limits on the power of the Watch Committee to dictate as to the manner in which police duty should be performed.

I began by saying that a policeman is nobody's servant. Every policeman makes a solemn declaration on his appointment. The form varies but the effect is everywhere the same and has been the same for hundreds of years :

“ I (A.B.), will well and truly serve our Sovereign Lord the King, in the office of Constable, without fear or favour, affection or ill-will.”

A Constable by virtue of his office, has certain duties ; certain duties under the Law, and if he fails in the discharge of his duties, he knows that he can be called personally to account by the Courts, and that no attempt to shelter under higher authority will avail him.

Sir Edward Troup describes the position in these words :

“ First of all there is the primary legal obligation on all concerned to maintain order and suppress crime, and to use all available and appropriate means for this purpose. The police authority must, therefore, maintain a reasonably strong and efficient force, and it ought not, generally speaking, to interfere with the use made of that force by a capable Chief Constable. Only if the Chief Constable fails in his duty, should the Authority exercise its disciplinary power and call him to account. The Chief Constable is responsible for the measures he takes to suppress disorder and crime by the use of the force provided by the police authority, but in so doing, he must act in co-operation with the Magistrates, who are also responsible in this matter. The position is not an easy one for chief officers, and it speaks well for them that conflicts of authority so rarely occur. It would not be easy to suggest any means of simplifying it even

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if the Chief Constables' own position were made more definite. The police authority must remain the authority in matters within its proper sphere. The Magistrates cannot be ousted of their powers, and their support almost always strengthens the Chief Officer's hands.

"The Home Secretary's general supervision and direction becomes more and more necessary as the structure of society becomes more complex and inter-communication throughout the country becomes more easy and rapid. . . . When a difficult situation arises, the Local Authority, the Chief of the Police, the Magistrates and the Home Office must work together; and the Home Office has no more essential duty than in consultation with the others to prepare beforehand for consistent and united action. This system is one well suited on the whole to the conditions of this country and to the national character."

It is a system which I have explained has not been made, it has grown. It is an organism rather than a machine. That fact explains to some extent, in my opinion, why when trouble arises it is sometimes difficult to discover the real cause and to prescribe a remedy. If something goes wrong with a piece of machinery—if there are strange noises under the bonnet of your motor-car—you have only to go to a competent engineer who will quickly diagnose the trouble, and all you have to do is to pay the bill; but if the trouble is not in a machine—say, it is in your own inside—the position is rather different.

This brings me to the rather delicate subject of complaints against police. These, I need hardly tell you, are no new thing. So far as the Metropolitan Police are concerned, attacks of the most violent description were launched against the Force soon after its formation. The contemporary accounts of them have a very familiar ring. We are told that "certain newspapers continued week by week to publish the most preposterous attacks; no story was too improbable to gain credence." As in more recent times, individual cases, of minor importance in themselves, were pushed into the limelight and formed the spear-head of the attack.

The whole question of the use of plain clothes policemen was raised by the case of a certain policeman—one Constable Poppy—who in 1832 had occupied himself with more zeal than discretion in studying, from within, the proceedings of a certain political union. A House of Commons' Committee in 1833 found that the policeman's conduct in the particular case had been highly reprehensible but exonerated the authorities from any general charge, observing that "with respect to the occasional employment of policemen in plain clothes; the system as laid down by the heads of the police department, affords no just matter of complaint whilst strictly confined to detecting breaches of the law and preventing breaches of the peace should these ends appear otherwise unattainable. At the same time, the Committee would strongly urge the most cautious maintenance of those limits, and solemnly deprecate any approach to the employment of spies in the ordinary acceptation of the

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term as a practice most abhorrent to the feelings of the people and most alien to the spirit of the Constitution."

In the following year, 1834, there was a clash between the police and a crowd at an open-air meeting organized by the same body. This was nearly a hundred years ago. It was alleged that the police were intoxicated and had made an unprovoked assault on unoffending citizens, knocking down women and children with brutal impartiality and then stunning them with their truncheons as they lay on the ground. Another House of Commons' Committee got to work and made an exhaustive inquiry, as a result of which the police were entirely vindicated. The fact that three policemen were stabbed (one fatally), whereas not a single case of serious injury could be found on the other side, doubtless made an impression on the minds of the Committee. In consequence of this, there was a strong reaction in favour of the police who, for a time, basked in the sunshine of popular favour. But it did not last. In 1855, another individual case, this time a Hyde Park affair, led to the appointment of a Commission of Inquiry. This sentence has a familiar ring. "The conduct of the police in Hyde Park and the treatment of the prisoners at Vine Street, having given rise to serious allegations and to much adverse criticism in the public press, it was decided to hold an inquiry into the matter." I have not time to give you the results of that inquiry or of the many others that have taken place. The history of the Metropolitan Police has literally been punctuated by Committees or Commissions of Inquiry. From all of them the force has emerged, purged perhaps, but strengthened. It would seem, indeed, that the organism to which I have likened the police, whilst healthy and vigorous in the main, is subject to recurrent disorders for which the only recognized treatment consists in the application of a Commission of Inquiry. Such a Commission is sitting at this moment.

I am myself a staunch supporter of the police. I think they have an organization wonderfully well adapted to the conditions of this country. Our Police Forces number more than 60,000 men; they cannot all be perfect. These 60,000 men are all the time engaged in interfering, more or less, in one way or another, with the liberties of their fellow citizens, and when one considers the almost sacred character with which personal liberty is invested in this country, and the opportunities which exist for criticism in Parliament and the public press, the marvel is, not that there are complaints but that there are not more complaints. I think public opinion is rightly sensitive in these matters, and when public opinion is disturbed, it is essential there should be the fullest ventilation of the matters involved.

I feel, however, and I take it upon myself to state this quite frankly, that there are certain circumstances existing at the present time for which the police are in no way responsible, that tend to make their

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work appreciably more difficult and to multiply causes of friction. The police are of and for the people, and if they are to do their work properly, sane and responsible public opinion must be on their side.

In the Motor-car Acts, we have a code of Law to the detailed enforcement of which an immense amount of police time is given but which is frankly out of date. Speaking purely from the police point of view I wish this state of affairs could be altered ; it is daily putting the police at variance with large numbers of law-abiding people—with the very class of persons on whose sympathy and support they should be able to rely.

The Street Betting Act constitutes another difficult problem for the police, not rendered easier by the institution of the betting duty and certain more recent legislation. Respect for law and instruments of the law is bound to be diminished if a penal statute is not enforced. The absence of any effective public support for the enforcement of the Street Betting Act, reacts in a variety of ways which are not immediately obvious upon police administration.

Then there is the whole question of "moral" offences, where the police have the difficult task of steering a middle course. They have to maintain a reasonable standard of decency and good order in public places—with private morals the police have nothing to do—without incurring censure as "Nosey Parkers" or "Peeping Toms." A Committee under the chairmanship of the Rt. Hon. H. P. MacMillan, K.C., has had these matters under consideration for some time and the report of that Committee is awaited with much interest in police circles.

There are many other aspects of police administration if one had time to deal with them.

The question of pay and conditions of service is one of the most important. Before the War, there were wide variations in different forces. Since the report of what is usually known as the Desborough Committee the rates have been uniform between city and city, and between city and county. In these days of rigid economy, I know that that condition has occasioned some misgiving to Police Authorities, particularly to those of the more sparsely populated districts.

I am sure that as a principle uniformity is right under modern conditions. The development of communications has tended more and more to destroy the significance of local boundaries. The criminal is mobile to an extent undreamt of twenty years ago. Motoring has rendered easily accessible the most remote parts of the country. Houses are springing up everywhere. The Police themselves have got to be freely interchangeable between district and district in times of stress. Indeed, it has been the considered policy of the Home Office since the War to work gradually up to a position in which the various police forces, nearly two hundred of them in England and Wales, while

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retaining their separate identity and a large measure of local autonomy, could act together in case of need, in co-operation with one another and with the Home Office as units in one great national service. The last step which was taken was the passing, two years ago, of the Police Appeals Act, under which any police officer is entitled to appeal to the Home Secretary against a penalty of dismissal or enforced resignation.

I spoke about uniformity in rates of pay. As regards rates of pay themselves, there is room for differences of opinion. I venture to assert that the rates should be liberal. The responsibilities of the policeman to-day cover an immense variety of functions. The criminal is better equipped and better educated than ever, and, remember this, that at any moment of the day, a policeman may be confronted by an emergency in which he has to act on his own discretion with the knowledge that he, later, may be called upon to justify himself in a Court of Law in the face of hostile cross-examination. Add to this the element of personal risk, the certainty of a large proportion of night work, and of exposure to all kinds of weather, and I think you will agree that in saying there is a case for liberal rates of payment, I have not been guilty of exaggeration.

I should have liked to give you some account of the work of the police representative body—the Police Federation—set up after the War to provide the police with a constitutional medium of expression in matters affecting their welfare. If I had been able to go into that matter I should certainly have paid the tribute which is due to the leaders of that organization for the moderation and sound judgment which have characterized their attitude throughout.

Time, however, presses and the most that I can hope is that, in the picture which I have endeavoured to draw this evening, while the perspective may be faulty and many of the details missing or badly drawn, I may have given you a general impression which is in the main accurate, and which may arouse your interest in and, I hope, enhance your respect for a very great Service. It is a Service which is not, I think, very closely associated with the Institute, but the members may be interested to know that within the last eighteen months steps have been taken to establish, under official patronage, a *Police Journal*, issued quarterly, in which a great variety of topics regarding police work, or of interest to police, not only here but in the Dominions and Colonies, will be found discussed. The first number appeared only in January 1928, but the *Journal* has already established itself on a firm footing. If the high standard of the first four numbers can be maintained, I believe that the *Police Journal* will prove of very great practical value to those engaged in this branch of Public Administration. There has also been instituted an annual Police Essay Competition open to serving members of the Regular Police Forces of the Empire. H.M. The King has graciously

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promised that he will present a gold medal to the winner each year, and in addition there are to be substantial money prizes. The subject for the first competition is a very important and interesting one—"Co-operation between the Police and Public in the Detection and Prosecution of Crime." It must be obvious that such measures as these cannot fail to strengthen and extend the fine traditions that have long distinguished the older police forces of the Empire.

Equality of Status between Great Britain and the Dominions: What it Means and might Mean

By Sir E. J. HARDING, K.C.M.G., C.B.

[*Paper read before The Institute of Public Administration, January 1929*]

SINCE I promised to read to the Institute of Public Administration a Paper bearing the title that it has, it has occurred to me that this title is really much too high-sounding. I need hardly say that I am not going to interpret it in the broadest sense.

If I were even to begin to discuss the constitutional, the legal, perhaps I might say also the philosophical and metaphysical, aspects of the pronouncement of the Imperial Conference of 1926, from which the title is derived, I should certainly exceed the limits of time available. I should assuredly bewilder myself. I might even bewilder you.

Therefore I shall confine myself to a single aspect of the subject, namely, the practical application of the pronouncement of 1926 to the everyday problems of government in the various self-governing parts of the British Empire. This was an aspect which I hoped would be of special interest to the members of this Institute; it was an aspect, too, on which I might claim to have had some personal experience.

Perhaps I had better start by reading the declaration of the Imperial Conference and by explaining what, as I understand them, are the principles of that declaration as applied to the administrative problems which I have in mind. The declaration itself (which has been often quoted but may still bear repetition) is this:

“The group of self-governing communities composed of Great Britain and the Dominions are autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.”

As to the principles of action in day-to-day administration, they are enunciated, in relation to the conduct of foreign affairs, in a particular passage of the Report of the Inter-Imperial Relations Committee of the 1926 Conference. But they are really, I think, applicable to the conduct of all relations between this country and the Dominions, and between the Dominions *inter se.*

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The principles themselves may I think be summarized in this way :

Each Government should take steps to keep the others informed of its policy in all matters of mutual concern. So long as what I may call the originating Government receives no comments from other Governments on its policy, it can proceed on the assumption that its policy is generally acceptable.

If points are raised, they should be disposed of by discussion and consultation.

But—and this is an essential point—no one Government can commit others to what may be called “active obligations” without the definite assent of those others.

It is admitted that the Imperial Conference formula, in which was enshrined the principle of equality of status, was of a rather negative character. “A foreigner,” says the Report, “endeavouring to understand the true character of the British Empire by means of this formula alone would be tempted to think that it was devised rather to make mutual interference impossible than to make mutual co-operation easy.”

It is permissible to apply the same remark to the more limited sphere of administrative action with which this paper deals. What I want to do is to emphasize the positive side—the co-operation now existing, and the further co-operation still possible.

Great stress is, of course, laid on the positive side in the Report of the Imperial Conference itself and in many speeches by Ministers and others both here and in the Dominions. I am not going to refer to these in any detail, though I should like, if I may, to call your special attention to three books recently published which expound the present conception of Empire. I mean Mr. Baldwin’s book *Our Inheritance*, Mr. Amery’s book *The Empire in the New Era*, and Mr. Mackenzie King’s book *The Message of the Carillon*. But perhaps I may, at the risk of a slight digression, quote to you two small but rather striking extracts from a recent speech made in Canada by the High Commissioner for Great Britain (himself, incidentally, appointed in fulfilment of one of the Resolutions of the 1926 Conference), since, so far, I have not seen them mentioned on this side of the Atlantic, and they excellently illustrate my point. One was :

“If one required a new motto for the Empire, it would be ‘Liberty, Equality, and Co-operation.’”

The other referred to the signature of the Kellogg Pact by the several Plenipotentiaries of His Majesty the King, each on behalf of a separate Government. It was this : “It is no longer one note that is struck but the full chord.”

After all, the value of the new conception of the British Empire depends largely on the fact that the principle of equality of status is founded on the basis of a desire for co-operation and of co-operation in

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fact. These granted, the more that conception is studied, the greater the possibilities which are found to lie behind it.

Looking at the matter broadly, then, what are the existing means of administrative co-operation between the various Governments?

Four, at any rate, occur to me—personal consultation, periodic conferences, standing joint bodies, recurrent correspondence.

Let us examine them briefly.

Take first what is perhaps the most important one—personal consultation. You will remember that, a few weeks ago, the Prime Minister referred to the advantages which discussion might have over despatches, in relation to a certain foreign country which I need not name. He contrasted the lack of such discussion with the opportunities for it which have been enjoyed by European statesmen ever since the establishment of the League of Nations.

Well, the various parts of the British Commonwealth need not fear criticism in that respect. Travelling is one of our strong points, and we have, fortunately, no difficulties over language. Each one in this room could probably tell us of dozens of cases where personal discussion between visiting officials (as I told you before, I am strictly limiting my subject) has smoothed out difficulties, and developed administrative friendships.

The system of periodic visits is already supplemented, in quite a number of cases, by the attachment of individuals from Dominion Departments to Departments here, and *vice versa*. I have personally no doubt at all that a good deal more might be done in this direction than is already being done, but I may quote the War Office, the Air Ministry, and the Research Departments as instances where considerable progress has already been made. And I would specially mention the results achieved in the development of a common Naval tradition in the various parts of His Majesty's Navy—thanks to interchange not, indeed, of personnel only, but also of ideas and ships. I have heard that an officer of the Royal Navy, who recently took over command of a ship of the Royal Australian Navy, said it was almost impossible to tell that he had made a change other than the normal one from ship to ship.

Here, perhaps, I might allude to the somewhat obvious—but still very important—bearing of the scientific discoveries of the nineteenth and twentieth centuries on the problem which we are discussing. The modern method of eliminating time and shortening space (if I may use such expressions) have made personal consultation much easier than it was, say, in the eighteenth century. And who can say what will happen when the development of wireless telephony has reached a more advanced stage?

Again, we have quite a lot to say for ourselves as to the development of the system of periodic conferences. People sometimes point to the amount of international co-operation developed by League of Nations

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conferences on this, that, and the other. I would say not a word in the contrary sense, but I wonder whether their advocates realize how often the British Empire has led the way. I need not mention the Imperial Conference itself—though this might perhaps not unfairly be called the spiritual ancestor of the League Council, if not of the League Assembly. It is quite enough to turn to the more technical conferences.

For example, the League of Nations held a General Economic Conference in 1926. Had we not anticipated it by our own Imperial Economic Conference three years before? Again, the League convened a Conference on International Economic Statistics in 1928. Our Conference on Statistics had preceded it by eight years. Another instance I might give is that of the League Conference on Customs Formalities. This was held in 1923. But an Imperial Customs Conference was held in 1921.

And as to the system of holding inter-Imperial Conferences on aspects of government which the League has not yet touched—if I refer to those which have been convened in various parts of the Empire—with most fruitful results—within the last ten years on Education, on Forestry, on Entomology, on Agricultural Research, on Wireless and Cables, I should not have exhausted the list.

A word or two about standing joint bodies. As to these, it must be admitted, we have made no very striking progress so far. Nor is this, in my opinion, very surprising. All the developments of the last few years in the constitutional evolution of self-government within the British Empire—perhaps a natural reaction after the war—have lain rather in emphasizing the individuality of its various parts than in the merging of that individuality by the establishment of joint institutions.

Still, we can point to a few. For example, there is the Imperial War Graves Commission, a body established by Royal Charter and representative of the several Governments which contribute to its cost—an abiding memorial to the joint sacrifices and co-operation of the war years, than which, if I may venture to say so, none could be more fitting. There are bodies, such as the Imperial Shipping Committee and the Imperial Economic Committee, set up since the war for the study of particular problems—all constituted on a thoroughly representative basis.

There is the Empire Marketing Board which, though financed from the Exchequer of this country, is representative of all the Governments.

Lastly—to cite a very recent instance—only in the last few weeks there have been meetings in London of representatives of the various Governments to consider the best means of co-ordinating research on a large number of scientific problems of fundamental importance, such as plant genetics, animal husbandry, and soil science. Briefly, their object has been to set up a series of bureaux, in connection with specialist institutions, which will function as clearing-houses of information on the particular subjects with which they deal. All the arrangements made will be

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jointly financed and jointly supervised on behalf of the various Governments. It is not too much to say that the new work now starting may prove of incalculable value to the agricultural economics of the Empire.

I have mentioned the centrifugal movement of recent years in the British Commonwealth, and have given you an instance or two also of centripetal tendencies. He would be rash who would prophesy the future. But I, for one, am far from believing that we have exhausted the possible processes in co-operative methods of government, in what has been described as that great laboratory of political experiments—the British Empire.

Now I come on to the last of the four methods of co-operation which I mentioned—recurrent correspondence between Governments, with its hope for—and, indeed, its results in—co-ordination of ideal, of method, and of achievement.

I wonder whether it is generally realized that the system of communication on questions of principle which the British Empire has developed for itself—I mean direct correspondence between responsible Ministers of the Crown—is, as to the best of my knowledge it is, unique.

In our relations with foreign Governments all correspondence is indirect, by the Foreign Secretaries of one country to Ambassadors or Ministers of another, or by Ambassadors and Ministers to Foreign Secretaries.

Our system is different: the Governments speak, for the most part, direct—Prime Minister to Prime Minister, Secretary of State to Minister of External Affairs, and so forth.

I need not argue the question whether the latter system has greater advantages than the former. The direct system of communication needs to be, and, of course, is, supplemented by less direct methods. But it has, at least, this characteristic—whether it is an advantage or not, I would not presume to say—namely, that if one of the Governments wants another one to know exactly what it thinks, it has only itself to blame if its meaning is not made plain!

This, perhaps, is also a digression from my main subject. What I wanted to lay stress on was the communications between individual Departments within the various Governments on the subjects which are peculiarly their own, and the effects produced in the way of unity of thought and action without unity of control. When I knew that I was to have the opportunity of reading a paper to the Institute of Public Administration, I put inquiries in hand which would give me, so to say, a conspectus of the present arrangements. I can certainly say that the system, which we have, by slow degrees, constructed, becomes, to my mind, the more remarkable the more one studies it.

In practically every branch of administration—defence, finance and taxation, trade problems, research, agriculture, local government—you

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will find constant intercommunication between the Departments here and their "opposite numbers" in the Dominions.

Some of my audience will very likely have more detailed knowledge of intercommunication on specific subjects than I can possibly claim. But I may be allowed perhaps to give you one or two examples.

There are, at least, four branches of the Air Ministry which interchange information with the Dominions: the Chief of the Air Staff, the Director of Organization and Staff Duties, the Director of Meteorology, and the Director of Civil Aviation. Further, officers of the Royal Canadian and Royal Australian Air Force are appointed to the Air Ministry for liaison work in London.

Take another instance. The Medical Department of the Ministry of Health is in direct touch by correspondence with the Chief Medical Officers of the Dominions in London or the corresponding Departments in the Dominion capitals. Incidentally, there is similar communication between the General Nursing Council in this country and the corresponding Departments in the Dominions.

Lastly, on the question of Research, I should like to read you an extract from a Report of the Co-ordination Sub-committee of the Committee of Civil Research, published last year. It says:

"Research Departments in all parts of the Empire are in close touch with each other's activities, and in many cases are co-operating in the prosecution of joint research carried out in whichever country the conditions are most favourable for the solution of the particular problem under investigation. The Departments responsible in this country for the advancement of research in each of the three main fields (i.e. industrial, medical, and agricultural) are already in relations with their counterparts overseas. The Imperial Conference in 1926 laid great stress on the need in all fields for the designation of official representatives of each organization throughout the Empire responsible for one of the broad fields of utilitarian research to act as 'opposite numbers' with whom correspondence might at all times be possible on scientific questions of common interest."¹²

I could multiply instances, but these should suffice to illustrate my point. Nor need I elaborate the results—for these, I think, are patent to any one who has time to study the very real kinship in administrative matters which has grown up between the Departments here and in the Dominions.

I should not omit reference to the system under which the officers of one Government not only correspond with, but do work for, officers and Departments of other Governments.

The most noteworthy instance of such action is to be found in the Diplomatic Service. His Majesty's Ambassadors and Ministers in foreign countries have long been accustomed to take action on behalf of Dominion Governments as occasion arises.

The commercial, diplomatic, and consular services, and the Trade

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Commissioner services established by the Governments here and in the Dominions, afford two further examples of what I may call "reciprocal utilization" by one Government of the officers of another. The Imperial Economic Conference of 1923 gave special attention to the development and improvement of methods of co-operation in these respects.

Channels of communication—interchange of personnel and of ideas—all these, of course, are means to an end.

I have shown you, I hope, that the machinery exists—is in working order, and is used. Is it used to the full extent possible? This is the question to which I would ask the attention of this meeting. If it is not fully used, how can we improve it?

The answer is for those to give who carry out the detailed work. But perhaps I may be allowed to emphasize the principle involved.

You will remember, possibly, that I said, earlier in this Paper, that no one Government in the Empire could involve another in active obligations without the latter's assent. This doctrine, however, does not extend to the converse case, in other words, to the securing of benefits. On the contrary, so it seems to me, each part of the British Commonwealth of Nations is under an implicit, if not an explicit, obligation to study and to work for the interests of other parts to the utmost of its power. That responsibility is implied in the doctrine of common allegiance to the Crown.

So, for my own part, I would like to suggest to all those who carry on administrative work in any of the self-governing parts of the Empire that the meaning, for them, of the doctrine laid down by the Imperial Conference of 1926 is that they should look upon themselves as men with a mission. That mission would be to regard the problems which they are called upon to solve from the point of view not only of their own Department, or, indeed, of their own Government, but, so far as may be, from that of all the other Governments within the British Commonwealth.

From that point of view, each and all of them are explorers in a new country—I might almost say a new universe—of political method.

Here in the British Empire we have devised a unique political system—a number of Governments of equal status (if not perhaps as yet of equal standing), founded on the same Parliamentary institutions and functioning under similar systems of law. Their mission is to guide the destiny of peoples who can understand one another because they, too, are similar in thought and in language. If these Governments fail to understand one another and to work in sympathy with, and for, one another, what chance is there for the rest of the world which does not start with these advantages? If, on the other hand, these Governments succeed, what an advantage to themselves and their peoples and, perhaps I may add, what a lesson in method to the world as a whole!

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[It will be the object of the Reviews of Books in the JOURNAL to cover the whole ground of the literature produced in the preceding quarter which may have a bearing upon public administration. By this means, it is hoped, some assistance will be given to the student and some direction to the general reader. A judgment of the value of the books will be attempted, as a portion of the ordinary duty of criticism, but the particular value of the book in its relation to the advance of the science of public administration will be regarded as the paramount criterion.]

BIOGRAPHY AND CITIZENSHIP

I

Richard Burton Haldane: An Autobiography

(Hodder & Stoughton.) 25s. net.

Public Administration has already paid its tribute in four notable articles to the memory of the first President of the Institute. The publication of his *Autobiography*, with a brief and touching note of introduction by Miss Haldane, reawakens and intensifies our sense of his loss. Not only to the country as a whole but to scores of individuals of all degrees, to whom he had become, in his sister's phrase, a consultant, his going leaves a gap which no one else is filling or ever can fill. There must be many members of the Institute who will never pass 28 Queen Anne's Gate again without a pang. The personal references in the book are indeed reduced to a minimum: with characteristic reticence he had kept them to the last and did not live to fill them in; but enough is said, or implied, for all those who came under his influence to realise the sources of that well-spring of feeling which, to use his own expression in his memorable closing chapter, gave such a unique quality to his counsel, whether public or private.

The book itself is an all too brief record of a life which was at once amazingly consistent and amazingly manifold. From the moment when, under the influence of Lotze at Göttingen, he broke away from the rigid orthodoxy of his home and found an individual direction for his thinking, the path lay clear before him; and he pursued it steadily for half a century "without turning to the right or to the left." He was a philosopher in action, with a passion for work, always ready to bear the burdens of colleagues as well as his own; as we turn his pages a large part of the field of public affairs passes before our view—the War Office, the Lord Chancellorship, the Foreign Office, the Home Office, the Committee of Imperial Defence, the Judicial Committee, the Admiralty—at least, in regard to laying the foundations of the War Staff—the Committee of Civil Research, and, of course, Education: to which must be added,

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last but not least, the report on the Machinery of Government, to which, as it is clear from several references, he attached special importance, embodying as it did so much of the experience of his official life.

The *Autobiography* will surely live as an important document for British history in our time. What elements in its record of copious activity, apart from the personality of the writer, are likely to prove of the most permanent interest? It is presumptuous to be dogmatic on such a point, but two can perhaps be singled out as likely to interest readers, in our own and other countries, so long as the period which we are living through is studied.

The first is the writer's attitude towards the Liberal and Labour Parties. Haldane was the only Liberal member in the House of Commons who voted with the Conservative majority for the Education Bill of 1902. He was also the only member of the Liberal Cabinets of 1905-1915 who entered the first Labour Cabinet. From 1899 up to the War he was considered a Liberal of the Right: in 1924 he broke away towards the Left. Those who judge of political movements by their labels would call this a change of direction; but Haldane was the last man at whom a charge of inconsistency could be levelled. His career affords, in fact, a clue to deeper currents which, for reasons which it would be interesting to analyse, have never been enabled to manifest their full force on the surface of British politics. The historian of the future will do well not to neglect them. At the beginning of the chapter entitled "Looking Backward" he records, as an example of what he might have accomplished had he added to his own gifts talents of a different order, the bringing together of the Liberal and Labour Parties into a "unison which they ought to have possessed but never have." Why, the historian will ask, was the unison not achieved, and why was it that it was just a Haldane who specially lamented it? The answers to these questions, if they could be given, might prove not wholly lacking in interest to the members of so strictly neutral a body as the Institute of Public Administration.

Another question raised by the autobiography has already been discussed in these pages by Sir Frank Heath: it concerns Haldane's attitude towards problems of administration. Sir Frank Heath emphasizes Haldane's insistence on the importance of ideas in administration, as opposed to "the abstract principles which so often delight and delude the political thought of some Continental peoples." This vital distinction is constantly brought out in the record of Haldane's achievement. It was his firm grasp of ideas, his insistence on making clear to himself exactly what services an institution or organization was to render, which enabled him to plan so successfully in so many fields of administration. Much of his work has been so securely done that its wisdom and originality may too easily be taken for granted. But in

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fact, as Sir Frank Heath hints not obscurely, the basing of administrative systems on ideas rather than on abstract principles is far from being a commonplace. Had Haldane been born ten years later, or had he been able to add ten years to his working life, there can be little doubt that he would have concentrated his attention on a field which affords a marvellous opportunity for the exhibition, in small things as in great, of contending conceptions of administration—the administrative side of the League of Nations. Never before have "ideas" and "abstract principles" come so closely to grips; and never, perhaps, have the moral and intellectual qualities which Haldane brought so abundantly to the reinforcement of "ideas" been so much in demand for administrative tasks. If the truest homage to a departed leader is to set to work, according to his own method and spirit, on such work as he would have wished to undertake had he been spared, then the extension to the international field of his guiding ideas on administration is a tribute to his memory which many readers of these pages may feel to be especially appropriate.

ALFRED ZIMMERN

II

Citizenship and the Survival of Civilization

By SIR GEORGE NEWMAN, K.C.B., M.D., LL.D. (Yale University Press.)

SIR GEORGE NEWMAN's book belongs to the series of "Yale Lectures on the Responsibilities of Citizenship." As delivered, these somewhat rambling discourses must have been very good hearing, but in book form they suggest in places that the author was not quite certain what he was going to say next. This is particularly true of the earlier, historical chapters. The first skips lightly from Aristotle to Bentham; the second, called "English Social Philosophy," begins with T. H. Green, returns to Plato, and concludes that "to be a diligent, honest, competent, public-spirited business man is to be a good citizen"; the third deals with the English Poor Law, the Industrial Revolution, and the growth of the idea of science; and the fourth with the development of local government, humanitarianism, and our expenditure on social services—a sufficiently comprehensive bill-of-fare.

Leaving these large generalities, Sir George finds himself on more familiar ground, that of "disharmony" in the community and the individual. "Disharmony in the body politic" includes social conflict, poverty, and the imperfect assimilation of immigrants. The statistics on pp. 102-104 of the physical and mental diseases of immigrants into the United States are of exceptional interest. War is included among the cases of disharmony, but this is looking at the question from a different point of view; we have not yet reached the stage of regarding the human

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race as a single organism. Defective integration in the individual is introduced by some remarks on evolution. A distinction is made on p. 109 between the qualitative and quantitative factors in evolution, the meaning of which is obscure. "As the quantity, the population, of a species of animal increases, the struggle for life 'selects' the survivors. . . . The quantitative factor of *human* survival acted originally in the same way, but man now tends to survive more and more by development in quality." If the meaning is that earlier selection was at random and that now it proceeds on some theory or other, we can only say that there is no real difference in principle at all.

Needless to say, all that Sir George Newman has to tell us on such subjects as hygiene, maternity care, the control of disease, and so on is admirable. The chapter on "Disease in History," with its short sections on plague, malaria, typhus, and small-pox is full of interest, as is also the comparison of death-rates from various causes in England and America. "The outstanding differences are three. In America many more deaths are attributable proportionately to maternity, to accidents, and to homicide and suicide." Recent reports in the Press suggest that a separate heading may be required for shootings by the police.

When we come to what may be regarded as the constructive part of the book, the concluding chapters on "Civic Mutual Aid" and "Education in Citizenship," the horizon widens. Sir George sums up what has gone before a thought grandiloquently: "Here, then, is the outline, fragmentary and incomplete, of the great civic problem of Western civilization. The travail of centuries has established the theory, and revealed the practice, of citizenship." Three points he regards as ascertained: (1) "that the trend of ideas is towards a cultural civilization," (2) that "there is much that is neither fixed nor static in political science," (3) that "the foundation of citizenship is the nature of man." So far as any very precise meaning can be attached to these propositions they seem to verge on the obvious; and the same may be said of the conclusion, two or three pages later, that progress depends not only on nature but also on nurture. But the discussion of internationalism which follows—of the way in which modern research, no less than the pressure of circumstance, is gradually bringing to life a real sense of the essential kinship of humanity—is on a high level. The cosmopolitanism that was an armchair theory in the eighteenth century is gradually becoming a concrete principle: sport, science, the war against disease, a dozen activities are leading inevitably to an ever wider co-operation between the nations. Some moving warletters end an inspiring and well-written section. We pass to the Balfour Committee and the temperature falls; it appears that "the plain wants of the worker are few. First, he wants a fair wage for a fair day's work . . . second, he wants security of employment and stability of wage; and third, he wants reasonable and sympathetic management" (p. 195). The

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reader will wonder whether this really is the whole story. A brief summary of the vast development of state insurance follows: "social insurance has become one of the classic historic examples of citizenship in modern civilization"; but Sir George has contrived to suggest that Bismarck is the progenitor of the whole system and has done less than justice to the boldness and originality of our Unemployment Insurance. The concluding chapter contains some sensible remarks on nursery schools, and on adult education; but in thirty short pages on so vast a subject it is difficult not to be somewhat scrappy.

H. F. C.

ECONOMIC AND SOCIAL PROBLEMS

III

Some Economic Factors in Modern Life

By SIR JOSIAH STAMP, G.B.E. (London: P. S. King & Son. 279 pp.) 10s. 6d.

SIR JOSIAH STAMP has gathered into this volume a number of addresses delivered by him on special occasions in recent years. They deal with Aesthetics, Inheritance, Invention, Industrial Co-operation, Amalgamations, Stimulus, and Statistics, and have already appeared in the fugitive forms of pamphlets or in technical journals. It is a convenience to have them in a single volume, for they contain much of permanent value to the student and the administrator.

Sir Josiah Stamp is one of the most conspicuous examples in this country of the scholar immersed in affairs, and the value of these lectures lies precisely in the continuous interaction of the man in the study and the man in the board-room. The two are never really divorced for long. The scholar is for ever trying to subdue the manifold data of managerial experience to the rule of law. Hence his fundamental interest in enumeration, in measurement, which is preliminary to generalizations about the recurrent behaviour of human beings, or of commodities and services as affected by them. His business responsibilities urge him to a realistic treatment of economic problems. For him the analytic method of Ricardo, Mill, and Marshall has, for the time being, reached the limit of its usefulness. The refinements of the Cambridge School do not promise important results; the Historical School is too broad and general to be immediately helpful. And he uses some plain language about the position of Economics in Oxford, where the tendency is to treat the subject "like a closed philosophical system, with Adam Smith as Aristotle and Ricardo as Plato."

It was a similar dissatisfaction, we suppose, the Prime Minister had in mind when he complained in a recent speech to the Aberystwyth

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students of the inability of professional economists to answer the questions of the politicians. The economists may retort, indeed have retorted, that when Mr. Baldwin puts a question to them he should at the same time furnish the full information on which a judgment may be based. And that in effect is the burden of Sir Josiah Stamp's plea. We want more data, we want it collected with care and handled with skill. Probably there is at the moment in the possession of the public more crude information than there are first-class realistic economists competent to handle it helpfully. Hence the efforts of Dr. Stamp and others to entice more young men of ability to direct their energies to social research of a concrete type. An increase in the supply of such men is a matter of imperial and international importance. This volume is an admirable demonstration of the kind of work awaiting their trained attention.

Dr. Stamp makes no mystery of why he has chosen some of the subjects dealt with by him.

"I do not, however, choose a subject necessarily because I think I know a great deal about it, but rather because I have, at various times, put myself questions to which I do not know the answers, and the choice of a title to cover them forces me in the meantime to find the answers if I can, or at any rate to determine the limits within which answers are in fact likely to be available, and the area over which detailed or *ad hoc* inquiry is necessary before satisfactory answers can be completed."

The result is a live and fresh book, for all of us who reflect at all come up against these problems, but we have not Dr. Stamp's power of compelling them to yield up their secrets. We pass by on the other side. He confronts them as a trained economist, equipped with statistical apparatus, and serves up the result of his frontal attack.

The lightest chapter is the first, which deals with the relations of *Aesthetics and Economics*, and it is a piquant experience to read the president of an English railway system descanting on beauty, quoting Ruskin and Lethaby, and lauding the Society for the Preservation of Ancient Cottages. It stirs within the reviewer's breast a faint hope that some day we may have railway stations with all smoke and noise excluded, as at Copenhagen; with no steam locomotive admitted within miles of London, as in New York; with a dustless waiting-room fragrant with fresh flowers; and with advertisements arranged in some rhythmic order.

We close this book with a deepened conviction of the penetrating force of the author's ever-active mind and the wide scope of its interests. When Sir Josiah Stamp has made the L.M.S. a thing of beauty throughout its "booths and stalls and paraphernalia" we hope he will withdraw, enriched by his experience of government and business and finance, to the study and give us an architectonic treatise on modern life. It is in his power to rationalize, and in rationalizing to reform, our social

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and economic institutions, and serve the twentieth century much as Bentham did the nineteenth. The one man frequently suggests the other—"the benevolence of manner," "the philanthropy of mind," the freedom from class feeling, the love of classification and subdivision, the faith that clashing passions can be harmonized by mathematical calculation. In the years following the end of the Napoleonic War Bentham was a sort of international physician in the realm of law and politics, as Dr. Stamp has been since the close of the Great War in politics and finance. Both had "synchronistic" minds. Dr. Stamp's books are a series of pamphlets, hammered out on the anvil of the day's work, struck off with speed and brilliance. Ideas fly about like sparks in the most prodigal fashion. We want presently from Dr. Stamp a comprehensive synthesis in which shall be fused his religious, economic, and aesthetic interests.

M. M.

IV

Social Work and the Training of Social Workers

By SYDNOR H. WALKER. (The University of North California Press, 1928.)

ALTHOUGH the United States is enjoying the full flower of industrial civilization and overtakes all other nations in wealth and wages per head of her population, yet she has problems of social and economic distress which are much the same in kind and, seemingly, not less in proportion than those which beset less prosperous lands. America is a country of opposites, with a high culture at one end of the social scale, and, at the other end, over 4½ million illiterates over 21 years of age. It is among this class, more than half composed of foreign-born immigrants and negroes, that the incidence of acute distress due to sickness, unemployment, delinquency, mental deficiency, is abnormally heavy.

To meet these evils and maintain social standards, there are, in the United States, no national services such as have been built up in our own smaller and closer-knit country. Except for Prohibition, federal legislation for social reforms has not been approved. Some ten years ago a Federal Child Labour Law *was* passed, but it was banned as unconstitutional by the Supreme Court, and since then similar projects have been discouraged.

Yet American citizens individually are not different from other citizens. They react to proved social distress in the same way and endeavour to relieve it by much the same methods. True, those methods are local rather than national. They are confined to the States or cities, or even to individual firms (plants as they call them). But, in many respects, the public effort for social amelioration is on a scale comparable

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with our own, and there is hardly a single measure here that would not find its small counterpart somewhere in the North American Continent.

It is, of course, a patchwork provision, and since the gaps between the patches are wide, many thousands of cases of misery, deprivation, and waste of life pass unnoticed and unaided. Private philanthropy then steps in, as it always does in such circumstances, to supplement the public provision. And not merely to supplement. In America the social workers are often keen to duplicate public agencies, in order, as they hope, to do the same work more effectively and set higher standards. Obviously all this calls for a large army of paid persons (chiefly women) enrolled in the service of a host of private philanthropic societies.

Miss Walker, who is anxious to let it be known that she is not herself one of these social workers, has set out to write a detached criticism of American social work, its aims, methods, and status. She is detached, but not unsympathetic. On the contrary, she takes such work very seriously; perhaps from our standpoint, rather too seriously. Unofficial social service should, she thinks, be elevated to the level of a profession, with better educational preparation and higher salary scales. Once the sterility of public social administration is accepted, private effort must be looked upon as a permanent necessity of the common weal. Ideals of business efficiency enter in. The private agencies of a city are federated. Pooling of funds is arranged and a joint programme is attempted. (After all, the charities of our own city of Liverpool have adopted much the same policy.) These common funds are known in America as Community Chests, and it is estimated that 300 of these chests receive in a year over £15,000,000 of charitable money, in addition to £25,000,000 from earnings, interest, or endowments and subsidies from public funds. All this money is spent in health work, ordinary relief, and, to a larger degree than in this country, in efforts to reclaim delinquents and persons whose failure to be self-supporting is attributable to moral causes.

The social worker is called a "counselor," and her objective "the adjustment of non-social individuals and groups to their environment." It sounds rather ambitious to us, but doubtless, in practice, it means little more than the ordinary case work carried on by the Charity Organization Society and similar bodies in England. Neither the type of worker nor the methods of work are likely to differ much. It is, however, claimed that in America the standards of privately supported agencies are superior to those of the public social services; and that may well be true so long as the public "welfare" posts are awarded chiefly on the "spoils" system and as a way of political preferment. But Miss Walker wants a higher status for the unofficial social workers and suggests that one reason why they are handicapped, at present, is because the rich people who finance them do not personally use their services!

R. C. D.

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LOCAL GOVERNMENT

V

Financial Statistics of Cities having a Population of over 30,000—1926

(United States Government Printing Office.) Price \$1.25.

WE in this country are, I think, inclined sometimes to dismiss rather light-heartedly all consideration of local government in America on the grounds that we have had so much more experience of local government in this country, and that our system is considerably more stable, that we have little to learn from American practice. We point to certain features of American local government and, judging the whole from the part, we conclude that British ways are better.

It is true that even with the great reforms now pending, local government in this country is more stable in its organization than in the United States, where, as is only natural in a newer country, it is still in some respects in the experimental stage. While this implies a variety in systems of local government—a circumstance which appears strange to us—such a condition of affairs is not without its beneficial side. Public administration is now being generally regarded as a science, and scientific knowledge advances mainly as a result of experiment and research. If we take pride in some of our own local government institutions we should on the other hand acknowledge that research in local government is proceeding far more rapidly in the States than in this country. Whether this activity is the cause of the numerous valuable statistical publications which are produced periodically in America, or whether the existence of these statistics has stimulated research in the subject, may be a matter of opinion, but certainly the absence of corresponding information as regards England makes serious research in almost any branch of local government an exceedingly difficult task.

The Annual Returns of Income and Expenditure of local authorities, published by our Ministry of Health, are nation-wide, comprehensive in scope and indispensable, and have no really satisfactory counterpart in the United States, but having said this we have exhausted our statement of advantages, for we then depend upon unofficial activities such as those exercised most beneficially by a well-known service journal to supplement the limited output of national data bearing on local government.

Even in the realm of national returns, however, the United States comes out well, for in the volume entitled *Financial Statistics of Cities having a Population of over 30,000* the material published is on the whole excellent, and only lacks the figures for the innumerable smaller com-

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munities under 30,000 population to make it equal to anything produced by the Ministry of Health or any other Government Department.

The writer participated in a debate on the value of this volume at a conference of local government representatives and advisers at Cincinnati in October last, when criticism, mostly constructive, was offered, but on the whole these statistics deserve their place, and in any case the destructive criticism which might properly be applied to this book of statistics would be equally appropriate to any British Blue Book on local government.

Other publications from the same source, namely the Department of Commerce at Washington, cover ground which is mostly unexplored in Great Britain, and the Finance Department of the Chamber of Commerce of the United States, also working at Washington—a body with semi-official authority—together with Municipal Research Bureaux in various States, make a combination which is responsible for national records, throwing such light on national and local taxation as almost entirely to overcome the difficulties of presenting a clear view of the situation in the United States with its separate State laws and conditions. Statistics of this kind are much more easily compiled in Great Britain, where we are dealing only with a relatively small unit, working under uniform regulations for local authorities in England and Wales, and not widely different provisions in Scotland and Northern Ireland.

On the whole we may admit frankly then that this matter of statistics is one of the things that they do better over there. This would be fairly apparent to any one who sees periodically the output of American literature on local government questions, but it was made abundantly clear to the writer during a recent three months' tour of the States and Canada, made for the purpose of studying Canadian and American methods of local government at first hand. One cannot help observing the interest shown by American traders and public men in the experiments made from time to time in the management of the affairs of various cities, and in the keenness with which research is being carried on—a keenness which is increased, no doubt, by a national tendency to judge mainly by results.

Such an atmosphere naturally stimulates the output of statistics, of which the volume now under review is a typical example in the realm of finance.

The volume commences with a brief report by the Director of the Census to the Secretary of Commerce, which, though no more than a covering letter, is of itself not without interest. In the first place, it is dated November, 1927, which implies commendable speed in the preparation of the statistics, for the financial year of the majority of the cities concerned ended on the previous 31st December and the volume of the statistics is considerable, running to 420 pages.

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Financial officers in this country will be interested to read that the form of statistics has been approved by a Census Advisory Committee chosen from the International Association of Comptrollers and Accounting Officers—a striking parallel to the practice of the Ministry of Health in setting up an Advisory Committee on local financial statistics, consisting of representatives of the Ministry and of the Institute of Municipal Treasurers and Accountants.

Any one who is interested in American local government problems should look at the map which forms, as it were, the frontispiece of the volume. The map shows each of the States and the location of the cities having a population of over 30,000, of which there are altogether 250. Of this total number only thirty-nine are situated in the seventeen Western States, which cover an area of more than one and a half million square miles and comprise more than one-half the area of America. In seven of these States there is no town of 30,000 population, while in eight others there are not more than three such towns.

The detailed statistics are summarized in an introductory report in which are incorporated twenty-one summary tables and various diagrams. Some of the observations in the report relate almost exclusively to American conditions, but others are of equal interest to us in this country. As an example of the latter one might perhaps quote the following: "Judging from the experience of the commercial world, it is believed that the best financial administration is possible only when all financial transactions are brought within one accounting system and when one official is held responsible for its proper conduct."

The detailed statistics themselves provide most admirable material both for those who require information as a basis for research, and for those who are more immediately concerned with the financial results of one city in comparison with others of similar size. To attempt anything like a description of the tables would extend this review to an inordinate length and one must be content, therefore, to describe the book as a most comprehensive statistical publication deserving—indeed, demanding—the attention of all those interested in local government statistics in this country. It is true that the tables are in several respects more complicated than those to which we are accustomed, owing to the number of autonomous authorities which exist in most cities, to the more varied methods of raising revenue and to the very different procedure in connection with loans. These factors, however, only go to prove that the compilation of statistics in this country is not the insuperable task that we are sometimes inclined to think.

A. C.

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